

# CURRENT HISTORY

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A Journal of Contemporary World Affairs



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# CURRENT HISTORY

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## COMING NEXT MONTH: THE MIDDLE EAST

A year after the Israeli-Palestinian peace agreement, progress toward Palestinian self-rule is painfully being made, although the region again finds itself caught in an upsurge of fundamentalist terrorism. The fundamentalist challenge—which reverberates throughout the Middle East—is the focus of our January issue, which examines the prospects for drawing all elements of society, the religious and the secular, the contemporary and the traditional, into a political order that can work. The alternative is Afghanistan. *Articles scheduled to appear include:*

- **Enlarging the Playing Field: Inclusion and Exclusion in the Middle East Political Process**  
AUGUSTUS RICHARD NORTON, BOSTON UNIVERSITY
- **Israel and the Consequences of Peace**  
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# CURRENT HISTORY

DECEMBER 1994

Vol. 93, No. 587

"The people of the Pacific Rim did not know they inhabited a bustling new sector of the world system until they were told—just as the 'Indians' did not know they were in 'West India' until Europeans informed them. 'Rim' is an American construct, an invention exactly like the steam engine, incorporating the region's peoples 'into a new inventory of the world'; 'Pacific' is itself a Euro-American name, measuring, delineating, and recognizing living space for the people who live there."

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## What Is a Pacific Century— and How Will We Know When It Begins?

BY BRUCE CUMINGS

We are now closer to 2000 than to the watershed year of 1989, and closer to the inevitable deluge of fin de siècle premonitions and celebrations. If we pause to remember 1989, it is not just the fall of the Berlin wall, the collapse of Eastern European communism, the end of the cold war, and the quickening crisis of the Soviet Union that come to mind; we may also recall a widespread sense that Japan and Germany were the real victors of the cold war, and that ultimately the United States might very well go the way of the Soviet Union, spending itself into the oblivion of useless military facilities, hollowed-out industries, and technological obsolescence. For many, the American victory in the cold war seemed Pyrrhic, merely a way station between the American Century and the Pacific Century. Somehow, though, the atmosphere has changed, and it isn't clear what caused the alteration—or even how the new atmosphere might be characterized. It could be, however, that the American Century is not yet over.

These days almost any anniversary is enough to provoke outpourings of nostalgia. But a century is something else. A century is worth a celebration,

particularly one that closes a millennium. The nineteenth century was a British one, running from Waterloo and the Congress of Vienna to World War I. The twentieth century had no claimant to its first 40 years, no doubt because the breakdown of the balance of power in 1914 was followed by the collapse of the world economy in 1929. Henry Luce, a founding editor of *Time*, waited until 1941 to claim the century for the United States. If Luce seemed like a visionary a decade later when the United States accounted for nearly half the world's industrial production, he looked myopic by 1975 when the Vietnamese won their war and the first murmurings of a Pacific Century were heard with Japan's dramatic advance and "miracle" economies flowering in South Korea and Taiwan. It appeared to have been the shortest "century" ever, a mere 34 years.

Examining the dating, however, may make Americans feel a bit better. Suppose England's century ended in 1914 and America's began in 1941. By the turn of the century the United States was the most productive industrial economy in the world, and by the early 1920s its banks were the effective center of global commerce. But America had a laughably small military, and neither the political will nor the domestic political base for global hegemony. The years from 1914 to 1941 thus constitute a hegemonic interregnum, during which England could no longer lead and the United States was not yet ready to. Then the German attack on Poland in 1939 changed everything, and Pearl Harbor finally committed the United States to global leadership.

BRUCE CUMINGS is John Evans Professor of International History and Politics at Northwestern University, where he directs the Center for International and Comparative Studies. He has also taught at Swarthmore College, the University of Washington, and the University of Chicago. He is the author of *The Origins of the Korean War*, two vols. (Princeton: Princeton University Press, 1981 and 1990), *War and Television* (London: Verso, 1992), and the forthcoming *Korea's Place in the Sun: A Modern History* (New York: Norton, 1995).



If America's "1815" was 1941, and if the United States is allotted a century as the British were, Americans should only begin to wring their hands and fill themselves with the proper end-of-an-era angst around the year 2040, and they should have nothing better to do than fret about the peccadilloes of the First Family (for lack of a royal family) for a good 75 years after that. Is the American Century an unaccountably short one, overtaken by the dawning Pacific Century, or will the United States get the "normal" run of 100 years?

### AN AMERICAN GROWTH INDUSTRY

The 1970s watchword for card-carrying internationalists and executives of multinational corporations was "Pacific Rim," and it was only a short step from there to "Pacific Century." Suddenly there was a hue and cry about a new Pacific era, especially up and down the West Coast (but also in other states with large free trade coalitions) and especially among academics trying to find some way to interest donors in funding Asian or international studies. "Pacific Rim" was a discourse in search of the research funds necessary to prove the thing itself existed, targeted at exporters with Asian markets and importers of Asian products.

Rimspeak is thus a recent phenomenon, a construct of the mid-1970s that revalued East and Southeast Asia as Westerners (mostly Americans) recognized and defined the region in ways that highlighted some parts and excluded others. The central actor was Japan, a newly risen sun among advanced industrial countries—indeed, "Number One" in Harvard sociologist Ezra Vogel's perfectly timed book, *Japan as Number One: Lessons for America*, published in 1979. Organized into the region were the so-called miracle economies in Japan, South Korea, Taiwan, Hong Kong, Malaysia, and Singapore—also termed NICS, or newly industrializing countries. Honorable mention went to Thailand, the Philippines, Indonesia, and post-Mao (but pre-Tiananmen) China. Left out were the remaining communist countries that had not instituted economic reforms and what some have called the "oinks" (old industrialized countries) such as Myanmar and North Korea.

In other words, "Pacific Rim" painted the entire region differently than it had been since 1945. Paint it red, the pundits said from 1949 to 1975. Paint it white, was the post-1975 notion of artistry—or simply blank out the years since 1949 and Mao Zedong's revolution, or 1945 and Ho Chi Minh's Viet Minh resistance. "Pacific Rim" heralded a forgetting, a hoped for amnesia in which the decades-long but ultimately

failed American effort to obliterate the Vietnam revolution would enter the realm of Korea, "the forgotten war."

### MEASURING THEIR WORLD

The people of the Pacific Rim did not know they inhabited a bustling new sector of the world system until they were told—just as the "Indians" did not know they were in "West India" until Europeans informed them. "Rim" is an American construct, an invention exactly like the steam engine, incorporating the region's peoples "into a new inventory of the world"; "Pacific" is itself a Euro-American name, measuring, delineating, and recognizing living space for the people who live there.<sup>1</sup> That these are Western constructs does not mean the natives think them unimportant, or that they have their own confident definitions; indeed, well-known Rimsters have doors held open for them throughout East Asia.

"Pacific Rim" has a class-based definition of Asia. The Pacific "community" is a capitalist archipelago, based on indigenous labor power and purchasing power—although mainly labor power until recently. It has been the "workshop of the world," using cheap and efficient labor to manufacture exports for other regions with consumer buying power; the vast American market has been and is its mainstay. The archipelago runs through but also divides the Pacific and Asian region. North Korea, for example, remains outside, and China carries this division within itself: vast interior peasant China versus upwardly mobile coastal and urban China. So capitalist classes—obviously—are organized into the archipelago. Peasant Asia (Vietnam, Cambodia, and much of India, Indonesia, and China) is out. Dense, developed, highly differentiated urban nodes are in, the two most important being Tokyo and Los Angeles, but city-states like Hong Kong and Singapore are also critical. China's old treaty ports and new Special Economic Zones such as Shenzhen are in; vast reaches of interior China are on the outside. South Korea is part of it, while the northern part of the peninsula is not. Thus the majority of the populations in Asia are either not included in the Rim or only participate as unskilled or semiskilled laborers. This is a trading network as well, with Chinese and Korean diaspora businesspeople making a Mediterranean of the Pacific Ocean—from Vancouver, Seattle, and Los Angeles through "island China" in East and Southeast Asia, all the way to China itself.

Rimspeak tells us all these things, explicitly or implicitly. But it is also a slippery discourse with a half-life of months or years, depending on the source. It tells us that we are situated in the dynamic present, turning our eyes to a yet more dynamic future where all things are possible—until something like the 1989 Tiananmen bloodletting or even a much lesser affair like the caning of Michael Fay in Singapore this year demolishes the seemingly incorrigible optimism of the

<sup>1</sup>See Arif Dirlik, "The Asia-Pacific Idea: Reality and Representation in the Invention of a Regional Structure," Duke University (February 1991); and Bruce Cumings, "Rimspeak; or, The Discourse of the 'Pacific Rim,'" in Arif Dirlik, ed., *What Is in a Rim?* (Boulder, Colo.: Westview Press, 1993), from which this section is drawn.

genre, and sends a handful of recent books to the secondhand stores. Wasn't development supposed to lead to democracy? Well then, why is Michael Fay's posterior so tender, and why does Singapore's strict moral code make our "politically correct" police look like pantywaists?

## ASIA AND US

Rimspeak still scopes the future, however, and if things aren't as good they should be today, rest assured they will soon become so. But rimspeak can also cloud one's vision on the present: consider this statement beginning a 1991 book by Simon Winchester, *Pacific Rising: The Emergence of a New World Culture* (admittedly one of the genre's more interesting and thoughtful texts): "Rarely indeed is one fortunate in being able to live through times in which a major shift in the world's history can be seen to be taking place. . . . One such event. . . came about when the fifty-odd countries now grouped around the Pacific Ocean seemed to take the torch of leadership from those hitherto grouped around the Atlantic. . . ."

A torch passed to whom? To 50 countries, including the Sultanate of Brunei? Maybe just to the Four (or is it Five?) Tigers? Pundits like Clyde Prestowitz in his book *Trading Places* had already proclaimed Japan the new global hegemon in 1989. But when exactly was the torch passed? Sometime after Japan went catatonic at the hint that it might do something significant about Iraq's 1990 invasion of Kuwait? But was it Japan that put Jean-Bertrand Aristide back in the presidential palace in Haiti, or brokered new peace agreements in the Middle East and Ireland, or intervened again when Iraqi divisions marched toward the Kuwait border this fall? Did Japan even try to deal with the nuclear problem in its own neighborhood, in North Korea?

In fact, of course, it was the United States that influenced all this, a United States that also sees itself in a new Pacific era—but one that it will lead. The day after President Bill Clinton's victory on the North American Free Trade Agreement last November 18, *The New York Times* heralded a fundamental turning point in American foreign policy resulting from a combination of Clinton's emphasis on reviving the domestic economy and new directions in foreign economic policy. But it was not Mexico or Canada that drew the attention. Under the headline "Bright Sun of Trade Rising in the East," *Times* correspondent Thomas Friedman implied that NAFTA was a sideshow compared to the markets, exports, and jobs to be had in connecting up with East Asia. The Clinton administration hoped to fashion the Asia Pacific Economic Cooperation (APEC) forum, 14 of whose 15 heads of state were then meeting in Seattle at the president's invitation, into a battering ram to knock down protected markets and tariffs, opening up "the most lucrative terrain for American exports and American jobs."

Dreams of a rising APEC sun (trade with APEC countries now accounts for 40 percent of all United States trade, and the United States exports \$128 billion annually to APEC nations, compared with \$102 billion to Europe) meant that, in the words of Secretary of State Warren Christopher, Europe was finding itself in the shade and Washington had to get over its traditional Eurocentric diplomacy. A shift from the Atlantic to the Pacific had been in the works since the mid-1980s, observers said, but a new generation in Washington, unschooled in the Atlanticist verities of the Eastern seaboard and the Council on Foreign Relations, would now make it happen. Or as baby boomer Labor Secretary Robert Reich told Friedman, the United States was moving "away from our European roots" toward greater involvement with Asia and Latin America, "where more and more of our population is coming from."

What we are witnessing is not a transfer of hegemonic power but a glimmer, an emergence (of Japan), that starts imaginations wandering to different futures. Friedrich Nietzsche, in the *Genealogy of Morals*, used the term "emergence" (*entstehung*) to denote "the principle and the singular law of an apparition." Emergence does not mean "the final term of a historical development"; "culminations" are "merely the current episodes in a series of subjugations," and so, "Emergence is thus the entry of forces; it is their eruption, *the leap from the wings to the center stage*. . . . Emergence designates a place of confrontation [emphasis added]." An event (or an emergence) is not a decision, a treaty, a war, but "the reversal of a relationship of forces, the usurpation of power, the appropriation of a vocabulary turned against those who had once used it."

Nietzsche helps us answer the question of where Rimster tropes come from, in helping us understand a peculiar history: Japan is always "emerging." "Pacific Rim" and "Japan as Number One" emerged in what seemed a sudden and mysterious fashion not just in the 1970s but at several points during the past 150 years. Thus we have had "emergence," but not "the reversal of a relationship of forces." Throughout the Pacific industrial era, going back to the mid-nineteenth century, Japan has been a junior actor under Anglo-American hegemony, save for six years or so from 1939 to 1945. And what happened then does not come under the rubric "Pacific Rim Community."

## THE HEGEMON WRITES HISTORY

"Pacific Rim" was there from the beginning, soon after Commodore Matthew Perry's "Black Ships" arrived in the ports of Tokugawa Japan in 1853. The high-tech conveyance of that era was the steamship, so much less expensive than the ongoing building of continental railroads that it made of the Pacific a vast plain traders could skate across, toward the putative China market. Their longings also brought American

ships to Manila Bay (won from Spain in 1898), seen as the first important colonial way station in the quest for the treasures of the Rim.

Somehow, back then, just as today, Japan was regarded as separate from the rest of the Rim—honorary Westerner, pearl of the Orient, good pupil (or bad pupil: Secretary of State Dean Acheson called it “the West’s obstreperous offspring”). “They are Asiatics, it is true, and therefore deficient,” declared the *Edinburgh Review* in 1852, “in that principle of development which is the leading characteristic of those ingenious and persevering European races. . . . But amidst Asiatics,” the *Review* went on to say, “the Japanese stand supreme.”<sup>2</sup>

The steamships sailed toward Asian markets, but also toward a presumed earthly paradise that purportedly housed occult knowledge unavailable to the rational Westerner. That this second theme persists today can be seen in the pages of *The Economist*, where an article on “The Pacific Idea” in the March 16, 1991, edition has as its subtitle, “There is a Better World.” The Pacific idea, the article announces, “is important for the mental well-being of the world,” because it stands for “belief in the survival of innocence.” The accompanying map centers the globe on tropical islands of the central and South Pacific (described in the article as “a village pond for the Seventh Fleet”), unwittingly placing Bikini at the epicenter—an island the United States rendered uninhabitable with H-bomb tests in the 1950s. Meanwhile the article speaks wistfully of Gauguin’s women, Melville’s lory-lory, and Marlon Brando’s Tahiti, and places the burden of exclusion from the Rim on the natives: “the places that people call Eden and Paradise can really become so, if only the Pacific islanders will heave themselves to their feet [translation: get dynamic].”

During the halcyon days of the Anglo-Japanese Alliance (1902–1922), Japan was a model of industrial efficiency for an England in incipient decline. As Phillip Lyttleton Gell remarked in 1904: “I shall turn Japanese for they at least can think, and be reticent! [Witness] their organization, their strategy, their virile qualities, their devotion and self-control. Above all, their national capacity for self-reliance, self-sacrifice, and their silence!”<sup>3</sup>

The British weren’t saying such kind things about the Japanese by the 1930s, of course, and Japan’s militarists by that time had their eye on a different “Pacific Rim Community,” known to history as the “Greater East Asia Co-Prosperity Sphere.” Japan

emerged in the Western mind not as an enlightened pupil but as a nightmare. Still, Japan’s “old” empire in Northeast Asia was, from 1910 to 1931, the empire the United States and Britain wanted it to have. Even when Manchuria was colonized in 1931, Britain and the United States chose to do little about it, other than spout rhetoric about the “open door.” The reason for this was that Japan preserved a modified open door in Manchuria until 1941, and encouraged American and British investment—of which there was much more than is generally thought. Two years after the war ended, American planners again urged a modified restoration of Japan’s position in Northeast Asia.

Dean Acheson and the State Department’s George Kennan masterminded this remaking of Japan in the world system, deciding to position Japan as an engine of the world economy, an American-defined “economic animal” shorn of its prewar military and political clout. Meanwhile the United States kept Japan in a defense dependency and shaped the flow of essential resources to the country, hoping to accumulate a diffuse leverage over all its policies and retain an outer-limit veto on Japan’s global orientation. Japan would also need an economic region “to its south,” in Kennan’s words, and by 1949 Acheson had come up with an elegant rim metaphor to capture this restoration: a “great crescent” from Tokyo to Alexandria linking Japan with island Asia, around Singapore, and through the Indian Ocean to the oil of the Persian Gulf. It was this “crescent” that lay behind Acheson’s famed “defense perimeter” speech in January 1950. This redefinition of Japan’s role was hammered out as the cold war was emerging, and it deepened as Japan benefited from America’s wars to lock in an Asian hinterland in Korea and Vietnam.

During this era, which ran from Presidents Harry Truman through Lyndon Johnson, Japan was a dutiful American partner, and the partner was tickled by Japan’s economic success. In the 1960s, however, as America’s capacity to unilaterally manage the global system declined, a new duality afflicted the relationship: Japan should do well—but not so well that it hurt American interests. President Richard Nixon was again the agent of change, with his neomercantilist “New Economic Policy” announced on V-J Day in 1971. American thinking about Japan remains firmly within that duality today, reflected by policymakers’ inability to do more than oscillate between free trade and protectionism, admiration for Japan’s success, and alarm at its prowess.

Japan has been thriving in the hegemonic net for 90 years, but nonetheless “emerges” in the Western mind—leaps from the wings to center stage, in Nietzsche’s phrase—at three critical and incommensurable points: at the turn of the century, when it was an industrial marvel (at least in British eyes); during the world depression of the 1930s, when it was an

<sup>2</sup>Quoted in Jean-Pierre Lehmann, *The Image of Japan: From Feudal Isolation to World Power, 1850–1905* (London: Allen and Unwin, 1978), p. 46.

<sup>3</sup>Quoted in Colin Holmes and A. H. Ion, “Bushido and the Samurai: Images in British Public Opinion, 1894–1914,” *Modern Asian Studies*, vol. 14, no. 2 (1980).



industrial monster (again in British eyes); and in the 1980s, when it was a marvel to American internationalists and a monster to American protectionists. The Four Tigers, Three or Four Tiger Cubs, and all the other developing Asian nations tread this same path, encouraged to do well, but not so well that they threaten the United States, because in that case the tropes reverse and the Asian states move from miracle to menace, from market-driven dynamo to crypto-fascist upstart. The point is that there has been no fundamental reversal of relationships, no torches have been passed, and no such transition is likely for the near term. Thus the American Century has some time left to run.

In the near term of the next couple of decades I would hazard the guess that the world system will have three nodal points, centered in New York, Tokyo, and Berlin, and a core point of hegemony, headquartered in Washington. New York will have a tendency to connect with Europe, and Los Angeles with East Asia, and Washington will attempt to manage a trilateral condominium among the three nodes, while cooperating with industrial powers of the second rank (France, England, Italy) with annual gross national products of around \$1 trillion. In other words, this is the eve not of a regionalization of the world economy but of a period of prolonged North-North cooperation propelled by a historic "peace interest" on the part of internationalist finance and the modal capitalist organization of our era, the transnational corporation.

## A LONG WAY FROM COMMUNITY

The Pacific Century is not here yet, and the Pacific Rim is neither a self-contained region nor a community but just a rim—peripheral and semiperipheral societies oriented toward Tokyo and the American market. Consumer purchasing power is still lower than in Western Europe or the United States (though rising rapidly in South Korea, Taiwan, and Singapore), and its lower labor costs still orient the region toward assembly and finishing work using Japanese, American, or Korean technology. It is still a region under dual economic hegemony, held together by a unilateral American security network.

From the mid-1980s, it is true, Japan deepened its influence in Asia, both northeast and southeast. Its direct investment in the region grew sixfold from 1985 to 1991, trade with Taiwan tripled over the same period, and its manufactured imports from the region as a whole more than doubled from 1985 to 1988 (in spite of the pundits who argue that the Japanese economy is basically closed). The Pacific region inclusive of Northeast Asia, the ASEAN countries, and Australia will, according to current projections, have a combined GNP of \$7.2 trillion by the year 2000, surpassing that of the European Union. The number of effective consumers will be about 330 million, as large a market as the EU though not as affluent.

This is grist for the mill of those who detect a developing tendency toward regional economic blocs. But an Asia Pacific bloc is unlikely short of a major world depression. What is much more likely is a regime of cooperation and free trade linking Europe with the Far East and the Americas, with the three great regional markets underpinning and stabilizing capitalist rivalry in the world system and encouraging interdependence rather than go-it-alone strategies that would be deleterious to all.

The Pacific community, as has been indicated, is really not much of a community. Compared with the European version, East Asia lacks the intense horizontal contact or the expected multilateral institutions. Much has been made of the Asia Pacific Economic Cooperation forum, founded in 1989, but this remains a weak assemblage of 15 countries that do not interact with each other well or often. Malaysia's preferred option of an exclusively Asian regional economic group generates a lot of heat and attention, but it is much less advanced even than APEC. ASEAN is still a loose collection of smaller countries in Southeast Asia. There is no equivalent of the North American Free Trade Agreement, but if something transpires it will most likely be an enlargement of NAFTA to include selected Pacific Rim economies. It is right to say, as Richard K. Betts does in the winter 1993–1994 issue of *International Security*, that the Asian "web of interdependence" is weak.

The main organization connecting the region is still the private business firm. There is nothing like the European Customs Union or the European Parliament or the Conference on Security and Cooperation in Europe, though there was some movement in the latter part of last year toward creating a CSCE-like forum. Travel is no longer restricted for businessmen traversing the region, but it is for ordinary citizens wishing to go from Taiwan or South Korea to China, let alone South Korea to North Korea or vice versa. Even the common cultural background presumed to have been provided by Confucianism does not create ties between, say, Korea and Japan or Japan and China. The lingering animosities of colonialism and war, combined with the dominance of American mass culture, tend to override this heritage.

Apart from the momentum of economic development, it is the United States that drives the countries of the region together (or keeps them apart, as with North and South Korea). We may say it is still the United States that drives the region itself. The ultimate logic of Washington's position resides in Japan being for the United States today what the United States was for Britain in the 1920s: the emergent financial and technological center, but a long way yet from assuming hegemonic responsibilities. As the Persian Gulf War demonstrated in 1991 and other crises have demonstrated since, Japan (and Germany) will be content for some time to let Washington shoulder these responsi-

bilities—why take on an expensive security role when the United States is willing to, and in the absence of major threats from Russia or anywhere else?

But simply because American hegemony has defined the region since 1945 does not mean it will continue to do so indefinitely. Many American analysts see an impending shift in the balance of power in East Asia, which almost all of them lament—because they are Americans. An ineffable triumphalism affects almost everyone in America, beginning with superficial judgments about how the cold war was won and what it means for an American liberalism now said to be the solution to all problems worldwide. In many ways the cold war ended in East Asia a generation ago (except for Korea), and tendencies already well under way for decades have merely deepened in the 1990s. But that does not guard against American smugness with regard to this region, either.

This is evident in Richard Betts's condescending question, "So should we want China to get rich or not?" and his frank recommendation that Americans continue serving as "voluntary Hessians" for Japan for as long as possible, since the only alternative is for Tokyo to "start spending blood as well as its treasure to support international order," at which time Japan "will justifiably become interested in much more control over that order." Better Americans police the world and let Japan remain what Betts terms "a unidimensional superpower"; otherwise, Betts warns, mixing metaphors, "a truncated End of History in East Asia could be destabilizing rather than pacifying." Stability is equated with a revived American hegemony. The *pièce de résistance*, though, is Bett's assertion that "a China, Japan, or Russian that grows strong enough to overturn a regional balance of power would necessarily also be a global power that would reestablish bipolarity on the highest level"—so no matter which of the three gained power commensurate with the United States, it would be America's enemy.

Samuel Huntington characteristically tops Betts in claiming that continued American hegemony is not merely in America's interests but also the world's: "no other country can make comparable contributions to international order and stability." Japan, however, is not to be trusted, because it unremittently pursues "economic warfare" against the rest of the globe and is already dangerously close to hegemonic predominance.<sup>4</sup> Yet Huntington's argument is looking like yesterday's porridge. If in the recent past most American pundits focused on Japan as the rising power—even on "the coming war with Japan"—many now regard China as more threatening. Betts again: "The state most likely over time to disturb equilibrium in the

region—and the world—is China." Betts seems to think that if current projections hold up, China will not only soon be rich but will be "the clear hegemonic power in the region."

Has something momentous happened in East Asian security? Is Betts correct in saying that "the [East Asian] balance of power. . . is up for grabs"? Looking solely at defense budgets to gauge changes after the cold war, Japan would seem to be the most menacing state in East Asia, since its spending in this category increased by more than 38 percent between 1990 and 1993. But that figure ignores the trend over the past 25 years, with Japan consistently spending less than 1 percent of GNP on defense, while West Germany hovered at around 3 percent and the United States at around 6 percent; it also ignores Japan's continuing inability to agree on a post-cold war defense strategy. Furthermore, by the same measure "renegade" North Korea is the least menacing state in the region, since its military spending fell more than 58 percent over the same period. The security experts seem able only to come up with arguments justifying more of the same in East Asia, as if evidence counted little and the end of the cold war and collapse of the Soviet bloc were essentially irrelevant to the security of the region.

#### **WHAT IF THEY HAD A PACIFIC CENTURY AND NOBODY SHOWED UP?**

We are left, I think, with but one grand event encapsulated by the terms "Pacific Century" and "Pacific Rim," and that is the rise of Japan. Japan is the only true new arrival in the past century among the ranks of the advanced industrial core, given a drastically deindustrialized Russia and a still developing China. (South Korea and Taiwan may soon approach Spain in per capita GNP, but will not go much beyond that in the near term.) Japan is also the only non-Western country there. If it does not wish to be, and cannot right now serve as, the lodestone for an autonomous non-Western reorganization of the region, one day it might. If and when that happens, an old soldier and charter Pacific Rimster, General Douglas MacArthur, Japan's benign American emperor, will have been right. In an address in Seattle in 1951, MacArthur opined:

Our economic frontier now embraces the trade potentialities of Asia itself; for with the gradual rotation of the epicenter of world trade back to the Far East whence it started many centuries ago, the next thousand years will find the main problem the raising of the sub-normal standards of life of its more than a billion people.

It is a classic piece of Rimspeak. In the meantime, enjoy the American Century while it lasts—you've got until 2040. ■

<sup>4</sup>Samuel Huntington, "Why International Primacy Matters," *International Security*, vol. 17, no. 4 (Spring 1993).



"The prospects for Japan and the United States appear more balanced today than five years ago, and rapid growth has boosted China and ASEAN into the ranks of major trading powers. India and Indochina may not be far behind. Thus a bloc centered around either Japan or the United States no longer appears attractive. But this has also complicated prospects for regionwide cooperation."

## Trading with the Dynamos: East Asian Interdependence and American Interests

BY PETER A. PETRI

Just after World War II, many viewed East Asia as a burden to the United States: poverty and high population densities threatened to turn the region, at best, into a steady drain on American resources, or at worst, into a vast communist challenge to the West. Today East Asia is America's biggest competitor and possibly the engine that could pull it and other Western economies from their recent malaise. America's trade with East Asia now amounts to half again as much as its trade with Europe, and 40 percent of the increase in world demand for imports (excluding the United States) over the next decade is likely to originate in East Asia.<sup>1</sup>

In the meantime, trade within East Asia has rapidly expanded, from \$116 billion to \$353 billion between 1985 and 1992. American investments in the region, although continuing to rise, are overshadowed by East Asia's investment in itself, with capital coming from Japan, Hong Kong, Taiwan, Singapore, and other nations in the region. Foreign aid from Washington is dwarfed by assistance from Tokyo, and the United States finds itself making more concessions in its Asian trade diplomacy. The region's growing importance juxtaposed with its increased self-sufficiency and confidence raises intriguing questions about future economic policy in the Pacific.

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<sup>1</sup>"East Asia" refers to China, Hong Kong, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand. The Pacific Rim includes, along with East Asia, North America, Australia, and New Zealand.

A major worry is that the region will develop into an exclusionist economic bloc, on the scale of Europe and possibly following European protectionist policies. So far there is little evidence of this. East Asia has been and continues to be a trading bloc in the limited sense that its trade is more regionally concentrated than would be the case under randomly distributed trade patterns. But despite the recent intensification of economic relationships within the region, East Asia was much more interdependent during most of the twentieth century than it is today. Moreover, current trends in the direction of regionalism are a product of market forces rather than exclusionist policies.

Another worry is that the United States will not get its share of benefits from East Asian dynamism, even if there is no regional bloc keeping other nations out. During much of the postwar period East Asia's economic linkages shifted toward the United States and away from regional partners. But since 1985—when East Asian markets became especially attractive to American producers—trends have been favoring ties among the countries of the region. The United States can no longer count on an automatic pilot to keep it engaged in East Asian development.

### THE BEATEN PATH

But does it really matter whether East Asian regional ties or United States ties with East Asia become more or less intense? Vigorous international linkages are important (though not all-important) for growth, but economic analysis of the gains from trade usually focuses on *product* composition, not *partner* composition. History and geography typically are the most important determinants of a country's trade partners, because it takes time and sustained personal contacts to accumulate the experience necessary to do business abroad. In the usual analysis there is little reason to interfere with these market forces.

Regional relationships can gather momentum over

time. As a partnership matures, countries undertake investments and policy changes that further facilitate trade—building transport links, for example, or stabilizing exchange rates. Support functions also develop, including networks of knowledgeable experts and institutions that enforce contracts, finance transactions, or hedge currency risks. Trade creates these and other social benefits beyond the private gains of those engaging in the trade. All this helps foster a tendency toward “path dependence”: modest initial contacts, perhaps due to historical accident, are amplified and perpetuated by various reinforcing mechanisms. Thus current East Asian trade patterns still reflect the influence of events more than a century ago.

At any given time the partners a country inherits may not be the “right” ones—those with especially dynamic markets or complementary economies. Overcoming the inertia of history can be a long and difficult process, but a case can often be made for purposefully turning a country’s attention to new desirable markets. This is the logic for United States engagement in the Asia Pacific Economic Cooperation (APEC) conference, and for initiatives such as the Commerce Department proposal for integrated trade promotion centers in emerging markets.

Since World War II, powerful political and economic forces have helped maintain close economic ties between the United States and East Asia. But the end of the cold war has weakened the political leverage of the United States, and the region’s businesses are increasingly turning their attention to their own markets. To sustain its role in East Asia, the United States may have to actively promote regional ties. Referring to the priority the North American Free Trade Agreement (NAFTA) was given over Asian initiatives, Robert Lawrence asked in the November/December 1992 issue of *Economic Insights*: “Why would the United States follow a policy in which it gained access to Latin America while leaving Asia—the world’s most dynamic region—to Japan?”

## ORIGINS OF INTERDEPENDENCE

Although there is evidence of long-distance East Asian trade more than 2,000 years ago, trade dramatically accelerated under European imperialism in the nineteenth century. The British insisted on most favored nation treaties in their Asian trade—guaranteeing access to other foreign traders—and so paved the way for “cooperative” imperialism with France, the United States, and eventually Russia, Prussia, Portugal, Denmark, Holland, Spain, Belgium, and Italy.

The great ports of the imperialist period—Hong Kong, Manila, Shanghai, and Singapore—not only managed trade with Europe but also coordinated the economic activities of a vast region stretching from India to Japan. By 1913, 42 percent of East Asian trade was intraregional, as compared to 44 percent today. That year, for example, 70 percent of Thailand’s trade went through Singapore, with Thai rice sent on to China and Japan in exchange for textiles from India and England.

East Asian interdependence increased under Japan’s growing influence. At the turn of this century Japan opened treaty ports of its own and gained control of Taiwan, Korea, parts of Sakhalin Island, and much of Manchuria. It made significant infrastructural investments and Japanese companies such as Nissan gradually replaced Western ones such as Anglo-Dutch Petroleum, Standard Oil, Siemens, and Skoda. These investments established a wide range of complementarities with Japan—for example, Manchuria was to supply basic materials including coal, iron and steel, electricity, and synthetic oil, as well as rolling stock and ships, to Japan in exchange for machinery.

Meanwhile Japanese exports made inroads throughout East Asia. By the early 1930s Japan had displaced the Netherlands as the Dutch East Indies’ largest trade partner and captured significant markets in Malaya at the expense of England. Burgeoning Japanese trade led to conflicts—with India, the Dutch East Indies, Canada, and others—as well as trade wars and boycotts. Then, as war approached, Prime Minister Konoe Fumimaro announced a “co-prosperity” zone linking China, Japan, and Manchuria, and the Showa Research Institute in Tokyo developed an extensive plan for an East Asian Economic Bloc. Soon after came the infamous “Greater East Asian Co-prosperity Sphere.” These plans were never fully implemented (aside from the wartime acquisition of raw materials) because war soon made the searoutes unsafe for commercial transport.

World War II thoroughly disrupted trade. Physical destruction, civil wars, and insurrections diminished East Asia’s economic capacity and shifted trade toward the United States. To halt the downward spiral the United States tried to help Japan take up its former role as the mainspring of the Far Eastern economy.

The intraregional bias of East Asian trade, however, sharply diminished over the next 40 years. The table on page 408 traces the evolution of the trade bias index of intra-East Asian trade—a measure that summarizes the region’s propensity to import from regional partners relative to other partners.<sup>2</sup> This index was virtually unchanged during World War II but fell steadily thereafter. An important reason was the liberalization of the global economy, spurred by the General Agreement on Tariffs and Trade (GATT), which helped open markets for East Asian products worldwide. Another was the improved reputation and acceptance of East

<sup>2</sup>This figure is from Peter A. Petri, “The East Asian Trading Bloc: An Analytical History,” in Jeffrey Frankel and Miles Kahler, eds., *Regionalism and Rivalry* (Chicago: University of Chicago Press, 1993).

Asian products throughout the West. And finally, the United States, for political reasons, provided East Asia with a large and unusually hospitable market.

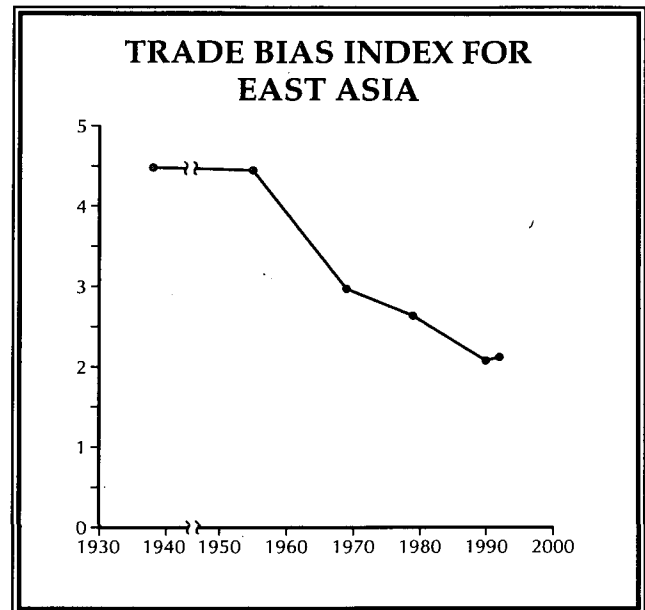
### NEW ON THE BLOC?

The decline of East Asia's intraregional trading bias apparently ended in the mid-1980s. The upturn since then has been small, but stands in sharp contrast with previous trends.<sup>3</sup> One reason for the turnaround was the sharp appreciation of the yen, which made East Asian manufacturers competitive in a wide range of industries previously controlled by Japan. The dispersion of manufacturing throughout East Asia created new interdependencies between the region's more advanced economies and the next tier of industrializing countries.

Another reason was the boom in regional direct investment. In the presence of high tariffs and other trade barriers, foreign direct investment tends to displace international trade with local production. The investments of the 1980s, however, typically were motivated by currency changes (the appreciation of the yen and the currencies of the older newly industrializing countries) and policy measures that opened economies; these made it easier to transfer inputs and outputs across borders in East Asia. Many regional firms adopted international production strategies. Instead of displacing trade, the resulting investments contributed to intensified regional linkages.

The first phase of the boom involved large investments from Japan in the members of the Association of Southeast Asian Nations (ASEAN: Indonesia, the Philippines, Thailand, Brunei, Malaysia, and Thailand). Toyota, for example, decided to produce an automobile whose components would be allocated to the ASEAN country with the most suitable resources and suppliers. Later China also became a major destination, and the source of funds broadened to include Hong Kong, Singapore, Taiwan, South Korea, and others (China alone received \$111 billion in foreign investment commitments in 1993).

The "trade-investment nexus" of the 1980s—positive feedbacks among trade liberalization, investment, and trade—encouraged a great deal of regional specialization, integration, and trade. Having decentralized production, companies had to export to reach markets, including those in their home countries. And since the new foreign investments were often tied to technologies developed in the home countries, they created large new flows of parts and machinery. In effect, the improved climate for investment spurred trade and interdependence.



### GROWING REGIONAL COOPERATION

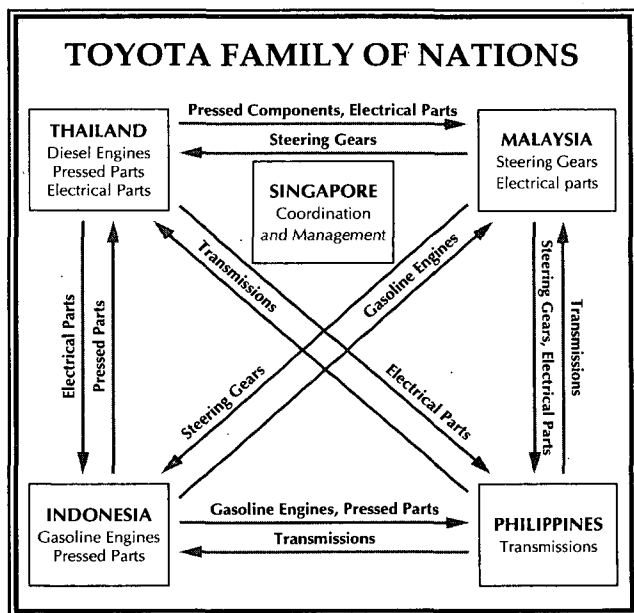
By the late 1980s these changes had undermined the traditional assumptions of the regional trading system. Access to markets in the United States became uncertain, both because of the depreciation of the dollar and contentious trade policy. East Asian markets became the most profitable and the fastest growing. These transformations led to new modes of subregional cooperation, intense disputes across the Pacific, and a search for new, more effective multilateral institutions.

The most durable policy innovations emerged in subregional cooperation. East Asian governments found new ways to link complementary production centers that are near each other but in different countries by relaxing national trade barriers and adopting coordinated programs for developing transportation and other infrastructure. The most effective examples are the Shenzhen Free Trade Zone, which bridges China's Guangdong province and Hong Kong; the "growth triangle" linking Singapore, Malaysia, and Indonesia; and the Xiamen Special Economic Zone, which embraces China's Fujian province and Taiwan. Several new proposals are now moving toward implementation in Northeast and Southeast Asia. Growth triangles fit the region's pragmatic approach to policy, since they do not require complicated, abstract agreements and can be implemented across diverse economic structures—notably with formerly socialist states.

There has also been surprising progress toward an ASEAN Free Trade Area (AFTA). The Southeast Asian countries of the association had adopted a limited preferential trade arrangement that became effective in 1977, but the AFTA agreements of February 1992 represented a far more ambitious attempt at integration. Some tariffs have been already reduced, and most internal barriers are scheduled to be eliminated over 15 years. The problem is that AFTA's internal trade is small

<sup>3</sup>The increase in intraregional bias is partly due to the explosive growth of trade among China, Hong Kong, and Taiwan, but it is observable even if that trade is excluded.





and the similarity of its economies (Brunei and Singapore aside) limits the scope of potential benefits and may even make it hard to put the agreements into action.

In contrast to these efforts, the search for regionwide institutions has proved divisive, crystallizing in a competition between the Pacific-wide APEC and an East Asian Economic Group (EAEG, since recast as the East Asian Economic Caucus). Formally established in 1989, APEC—the logical outgrowth of years of private contacts through various Pacific trade and development organizations—was clearly a response to the uncertainties of the late 1980s. But APEC began without an explicit agenda, and agreed only to hold annual ministerial meetings and pursue joint studies.

Within a year of its founding, the forum met its first major challenge, in the form of Malaysian Prime Minister Mahathir Mohamad's proposal for an EAEG. The membership of this group—essentially the original APEC minus its English-speaking member countries (the United States, Canada, Australia, and New Zealand)—suggested an alliance of East Asian states centered on Japan. At the time, the Japanese economy was booming while the United States economy was in recession; many East Asian observers extrapolated these differences into long-term trends and argued for closer ties with Japan.

Proponents of the new group presented it as a defensive reaction to blocs emerging in the Western Hemisphere and Europe, and to the slow progress of the Uruguay Round of world trade talks sponsored by GATT. The United States was strongly opposed, and exerted pressure on East Asian governments to remain cool to the plan. It also counterattacked by proposing to extend NAFTA to include East Asian countries—Australia, Singapore, and Taiwan were among the first

mentioned—as a competing bloc penetrating into East Asia.

Neither APEC nor the EAEG presented operational programs for economic integration, but many people took the choice between them seriously. For example, echoing the ideas of the economics of path dependence, a key architect of the Bush administration's Asia policy argued forcefully for APEC by noting that "when the American West was settled in the 19th century, the location of railroads and telegraph lines established patterns of migration, investment, growth and influence. Similarly, the type of telecommunications systems, the air routes, the languages spoken, where students go to school, and other such decisions today will determine the United States-trans-Pacific engagement of tomorrow."<sup>4</sup>

In the end, Mahathir's proposal did not have the votes. Japan was fundamentally ambivalent; though undoubtedly tempted by the opportunity to establish an advantaged position in East Asia's dynamic markets, it was still heavily committed to transpacific trade. In private, some Japanese leaders expressed interest, but publicly Japan was opposed. Several other East Asian countries (including Korea, Taiwan, and China) also felt they could not risk alienating the United States. Even Malaysia's ASEAN partners were troubled by Malaysia's confrontational leadership. Under pressure from his Southeast Asian colleagues, Mahathir recast his proposed group as an informal, consultative East Asian Economic Caucus (EAEC) that could operate within APEC.

## ASIA AND AMERICA

While United States pressure helped keep Mahathir's East Asian vision in check, APEC gathered momentum. At its 1991 ministerial meeting the group established a modest secretariat and expanded its agenda; at least one working group was commissioned to explore long-term opportunities for trade liberalization. Most important, United States President Bill Clinton—as the leader of the government hosting the group's 1993 meeting in Seattle—sharply raised APEC's profile by inviting the heads of state to the Seattle meeting. Except for Mahathir, upset over Washington's opposition to the EAEG, all attended.

In preparation for Seattle, an Eminent Persons' Group was commissioned to develop a medium-term vision for APEC. The members of this panel, although not government officials, had significant policy experience and close government contacts. Their report, published in October 1993, suggested several important technical steps for facilitating trade and invest-

<sup>4</sup>Robert B. Zoellick, "Blueprint for a New Age," *International Economic Insights*, vol. 4, no. 5 (September–October 1993), pp. 42–44.

ment, but its most important recommendation called for a commitment to “free trade in the region” by as early as the year 2000. Although never explicitly saying so, the report argued for agreements that would discriminate against nonmembers so as to “ratchet up” the process of global liberalization. APEC would proceed by reaching new regional agreements and then put “its own agreements on the global agenda for multilateral adoption.”

The report stirred controversy, with some charging that the United States was trying to force APEC to consider a much tighter regional relationship than others were prepared to accept. Objections were also raised about the speed of the proposed liberalization, its discriminatory character, and its potential scope—particularly in the harmonization of policies along the lines of the European model. In Seattle, participants boiled the issue down to the meaning of the word “community,” with China proposing the now famous compromise that the word be included as the equivalent of the Chinese word for “family” or “relations,” rather than the more formal concept associated with the European Community.

The eminent persons were asked to refine their report for the November 1994 meeting of the heads of state in Indonesia. Discussion now focused on whether or not formal trade negotiations should be proposed, and on resolving differences on discriminatory versus most favored nation approaches. Many so-called “conditional MFN” formulations were explored, including extending benefits initially on a most favored nation basis and then withdrawing them if reciprocal concessions did not materialize. The new recommendations strike various compromises: a time horizon is now explicitly mentioned, but it is further in the future (2020) than any considered before, and the issue of preferential or most favored nation application is left to each member.

Indonesian President Suharto’s interest in the success of the November meeting will probably ensure that some sort of liberalization charter is adopted. The buildup makes it clear that some East Asian governments remain reluctant to negotiate in APEC, and prefer less ambitious confidence-building measures (in such areas as investment rules, technology transfer, and so on). In the United States, however, pressure is building to deliver more. As the influential Senator Frank Murkowski (R-Alaska) has written, “APEC has been a venue of dialogue, rather than a forum for action. This must change. . . . The United States should lead APEC toward concrete arrangements that guarantee market access in all industries and for all countries.”

The fortunes of APEC and the EAEC have in 1993, as APEC was building up steam, generally moved in opposite directions: the proposal for the EAEC became dormant. This summer the United States reciprocated by quietly backing away from the expansion of NAFTA

into Asia: no Asian countries were listed as possible negotiating partners for talks on eventual membership. But as controversy over APEC again begins to churn, the notion of subregional arrangements shows signs of reviving. Japan and China have apparently signaled a more open attitude, arguing that the EAEC is now consistent with APEC. The dance goes on, with the threat of an East Asian negotiating group continuing to restrain efforts to add teeth to a Pacific-wide process.

Although APEC is, if anything, a Japanese or Australian idea (depending on how far back one goes in assigning credit for pan-Pacific liberalization), United States leadership has been critical in its recent history. Clinton’s decision to invite the group’s heads of state to Seattle shifted APEC into high gear, and Fred Bergsten’s chairmanship of the Eminent Persons Group was responsible for the panel’s ambitious recommendations. At the same time, American leadership has been resented by some, and the United States has been accused of manipulating APEC in pursuit of its own objectives without taking sufficient account of Asian positions.

Thus the leadership provided by the United States has had some harmful side effects, including the view that there are divergent “United States” and “Asian” positions on APEC. In fact, United States interests in more open Asian markets and strong transpacific linkages are shared by many East Asian partners—especially South Korea, Singapore, and Taiwan—and some of them have even expressed interest in joining NAFTA. The goal of serious, long-term cooperation is also shared by many leaders, including Indonesia’s Suharto, who wanted the November 1994 meetings to become a historic milestone in regionwide liberalization. Yet these stands do not have a high profile in the public dialogue. The cause of Asian Pacific economic cooperation might have been more effectively advanced had the United States “led from behind,” or at least in concert with Asian partners.

## THE QUESTION OF LEADERSHIP

Since 1985, East Asian trade, investment, and aid flows have risen sharply and become increasingly regionally oriented. Many nations, including the United States, have sought to intensify their ties with this dynamic regional economy. They believe—with support from history and economic theory—that future economic linkages will be shaped by government policies that affect how much businesses invest today in regional relationships.

The policy initiatives that first emerged in response to the transformations of the 1980s appeared to threaten a fragmentation of the Pacific economy into two or more competing blocs. At the time, many experts argued that the Pacific must remain committed to “open regionalism” (nondiscriminatory regional liberalization), which would allow companies to con-

tinue to develop international production strategies without fear of being excluded from some future subregional trading area.

The environment now favors such an open approach. APEC has momentum; its summit meetings are likely to continue for some time. The Eminent Persons Group has forged a surprisingly ambitious agenda for regional liberalization, largely along most favored nation lines. Some of the paths leading to exclusive regional groupings have been avoided, and there is hope for broad agreement on a multilateral—though probably slow—integration effort.

The growing multipolarity of the Pacific economy helps explain the ascendancy of multilateral solutions. The prospects for Japan and the United States appear more balanced today than five years ago, and rapid growth has boosted China and ASEAN into the ranks of major trading powers. India and Indochina may not be far behind. Thus a bloc centered around either Japan or the United States no longer appears attractive. But this has also complicated prospects for regionwide coopera-

tion. Initiatives at various levels—focused on special economic zones or subsets of countries—are bound to compete for attention with regionwide institutions.

The issue of regional leadership remains problematic. The United States has played an important role in developing a vision for APEC, but in the process alienated some Asian partners and allowed an East-West division to emerge. A more collegial approach, consistent with Asia's collaborative style, might be worth the price of slower progress. This would require the United States to compromise short-term goals, to slow the evolution of APEC into a negotiating body, and to distribute credit broadly for the forum's accomplishments. In return, one hopes that other regional powers would recognize APEC's important contributions to political and economic stability, and subordinate their short-term interests to making it work. The Asia Pacific Economic Cooperation forum is the first major international institution of the postcommunist era, and its development requires new modes of international cooperation and leadership. ■



"Authoritarianism in East Asia is an integral part of development strategy, useful not just for steadying societies in developmental flux but for creating the class that carried all before the modern world—the entrepreneurial class—and in the shifting of resources to that class. Authoritarian politics is not something genetically encoded in Confucian civilization, but a tried-and-true political arrangement in East Asia in its rush to industrialize."

## The "New Authoritarianism" in East Asia

BY MEREDITH WOO-CUMINGS

In April I was in Tokyo for a conference on regional institutions. At a public forum afterward I gave a brief talk on the Asian Development Bank, but the audience seemed less interested in this low-profile bank based in Manila than they were in the scandal of the month—namely, the imminent caning of Michael Fay in Singapore. Most of the questions I fielded concerned the incident, and like most callers to American radio talk shows, the audience in Tokyo cheerfully supported the Singaporean resolve to cane the American teenager for his alleged vandalism. It seemed the world had suddenly discovered draconian politics in the Shining City in the Pacific, and liked it.

Political discipline and economic performance have always gone hand in hand in East Asia. For most of the past three decades Japan and the "Four Tigers" (South Korea, Taiwan, Hong Kong, and Singapore) experienced rapid economic growth under either one-man or one-party rule, with colonial Hong Kong not even permitted to exercise the right of self-determination.

In the last few years much has changed: the military has turned over the government to civilians in South Korea, and the dominant parties are allowing for greater electoral competition in Taiwan and Singapore—even the redoubtable Liberal Democratic Party in Japan briefly suffered the humiliation of being the opposition. Yet the East Asian nations remain profoundly conservative, distrustful of changes that purport to do away with the political formula that has served them well in the race to get rich. Moreover, the increasingly confident elites of the region do not appreciate hectoring by the United States about the shortcomings of

their political system, not to mention chastisement of their venerable culture.

Hence the authorities in Singapore proceeded to give the American youth the promised whipping. Meanwhile the leadership in Beijing, with the connivance of the American business establishment, mocked the China policy of President Bill Clinton's administration, taking the steam out of Secretary of State Warren Christopher's human rights crusade this spring.

### TAILORING THE AUTHORITARIANS' NEW CLOTHES

In the heyday of Pax Americana, when American parochialism worked as well as universalism and the reigning social science idea was modernization theory, scholars and policymakers believed in the redemption and ultimate democratization of the heathens. Authoritarianism in East Asia was seen as an aberration, soon to be eclipsed by liberalism. Not so today. In the summer 1993 issue of *Foreign Affairs*, Harvard professor Samuel P. Huntington presented a stylized version of the global divide after the cold war that emphasized the remarkable persistence of cultural and civilizational boundaries. He singled out "Confucian civilization," along with Islamic civilization, as the most resistant to the Western perspective and hence a threat in the next phase of global politics. (He threw China and North Korea into the Confucian camp, but not Japan—an interesting departure that would not occur to any East Asian specialist.) Leaders in Beijing could not have been pleased that America's premier strategic thinker portrayed China as the next evil empire. But the argument on civilizational autonomy would be to their liking, if only to justify their human rights record.

The Chinese have not shrunk from proclaiming that Singapore-style authoritarianism as their formula for political and ideological stability while carrying out paramount leader Deng Xiaoping's economic reform program, since Communism would not serve the purpose. Their preferred term is "New Authoritarianism," connoting both continuity and change, the

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former occurring in the political and the latter in the economic realm—a political means of holding all other things “equal” while pursuing economic growth.

The new authoritarianism presupposes an older version. Latin Americanists equate the old authoritarianism with the caudillo or oligarchic politics characteristic of economies that relied on the export of primary commodities, or with the populist regimes that wanted to foster a self-reliant, indigenous industrial base—the Peronistas being the classic example. The new authoritarianism, according to the Argentine political scientist Guillermo O'Donnell, developed to provide stability in the transition from self-reliance to an export-led system, holding together the rapidly developing, outward-looking, capitalist economy, with transnational actors and technocrats as administrative linchpins.

Deng presumably had in mind a similar combination of continuity and change. Old authoritarianism in China would refer to the inward-looking, state-centric economic development Mao Zedong pursued. New authoritarianism, Chinese style, would correspond to the state-centrism of an outward-looking and coastal-oriented economy, with emphasis on light industrial exports, market reforms, and reliance on the private sector.

Tracing this political trajectory in the newly industrialized economies of East Asia is perhaps problematic, but if the Chinese emulated anything it was not the bureaucratic authoritarianism of the militarists in Latin America but the strong states of South Korea and Taiwan, and the industrial might of Japan. Openly emulating Japan is difficult for anyone to do in postwar Asia, however, which is why the Beijing leadership has made Singapore the shining example of “New Authoritarianism” and its presumed economic payoffs.

If the political economy of the People's Republic before 1978 was based on the predictability of political and economic outcomes (repression combined with state planning), and if Western liberal democracy rests on the predictability of procedures (rule of law, a formal constitution, regular elections, and so on) but not the outcomes of politics and markets, then the new authoritarianism seems to offer a way to have one's cake and eat it too. Political predictability reins in the anarchic behavior of both the market and the polity, through state intervention in the market and political behavior, but it does not become a Stalinist smothering of market and polity. This approach is said to be workable because it appears to have worked already in the “mirror of the future” for China: Japan, Taiwan, Singapore, and South Korea.

The attractiveness of the newly industrializing country model also comes from a sense that East Asian countries have essentially the same political culture. On this score, a whole phalanx of Western political scientists is available to help Deng out, pulling the concept of “culture” from the dustbin of history and informing the world that the success of East Asian capitalist economies is based on the region's traditional culture. But they introduce a new twist: instead of Weber's notion in *The Religion of China* that Confucian society squashed capitalist activity and possessed no “ethic” conducive to commerce, Confucius is suddenly active, promoting aggressive Confucianism, samurai Confucianism, post-Confucianism, and maybe one day even appearing in an Adam Smith tie.<sup>1</sup>

## EXPLANATIONS FOR A MIRACLE

So what is this East Asian political economy? For all the sound and fury about the East Asian miracle, there is no comprehensive thesis. At the more coherent end is Chalmers Johnson's 1982 work, *MITI and the Japanese Miracle*, which employs an institutional analysis, including a genealogy of prominent bureaucrats' careers, to unlock the secret of Japanese neomercantilism. Johnson vigorously eschews any cultural argument in this book, since a better one already exists in the political economy of “late” development. The developmental state that emerges from his study, however, is an ideal-type of Japan; the book does not provide a structural understanding of how things came to be the way they are.

Other writers merely assert that the East Asian state guides industrialization, or—in the neoclassical attempt to account for the state—that it pursues “hand-waving” and other such gesticulations to influence market mechanisms. Still less impressive are the cultural determinists mentioned earlier, who find causality emanating from residual categories labeled aggressive Confucianism, or historical evolution in a region assumed to have a common “tradition,” or the diffuse concept of “emergence,” which harks back to the modernization literature.

It is probably Johnson's ideal-type, however, that comes closest to Beijing's notion of an authoritarian valhalla at the end of the developmental path. *MITI and the Japanese Miracle* does not just explicitly include capitalist nations in East Asia other than Japan, but goes on to assert that what is unique about the East Asian political economy is its combination of “soft authoritarianism” and high-growth economies. This can be termed “plan-rational authoritarianism”—a deeply seductive notion for former Stalinists accustomed to plan-irrational outcomes (as Johnson puts it). In other words, Johnson takes us perilously close to the Dengist notion of new authoritarianism.

<sup>1</sup>See Kent Calder and Roy Hofheinz, Jr., *The Eastasia Edge* (New York: Basic Books, 1982); Lucian Pye, *Asian Power and Politics* (Cambridge: Harvard University Press, 1982); and Michio Morishima, *Why Has Japan Succeeded?* (New York: Cambridge University Press, 1982).

The developmental juggernaut in East Asia exhibits the following characteristics, according to analyses by Johnson and others, including my own work:

- autonomy of the state
- state-exercised financial control over the economy
- coordinated or corporatized labor relations (which are or had better be tranquil, even if this is achieved by terrorizing labor)
- bureaucratic autonomy (especially for key economic bureaucracies)
- "administrative guidance," which pushes some industries over others
- the existence of special private-sector organizations, especially general trading companies and industrial conglomerates favored by government (whether zaibatsu, keiretsu, chaebol, or caifa)
- a limited role for foreign capital<sup>2</sup>

This is an ideal-type of a statist utopia that would make Adam Smith turn over in his grave: the state wields power over society and the market at home, and holds foreign interests at bay by means of its formidable gate-keeping power. Whether this describes the reality of the East Asian industrial countries is another question entirely, but it is no wonder the Chinese leadership likes a formula that combines political stability, control of the gates against the imperialists, and rapid growth. It is a "Great Leap Forward" without the costs.

There is one problem with this picture, of course: it is a portrait of a capitalist developmental state. It does not matter whether the cat is black or white, Deng once said, so long as it catches mice. But as he himself must have learned during the 1989 Tiananmen revolt, the color of the cat does matter. The aforementioned characteristics of East Asian political economy may not be goods that can be chosen as if off a supermarket shelf. They are closely linked, and together form the gestalt of late capitalist development.

Development in East Asia is a temporal phenomenon, which makes it hard to emulate in different times and other countries. It took place in the context of a kind of benign neglect by a hegemonic power—the United States—which has tolerated neomercantilist

practices so long as they occur in the interstices of the world market or when America dominates a broad range of industrial markets. Japan enjoyed such benign neglect from about the turn of the century to the 1930s, and then again from the 1950s to about the mid-1980s. South Korea and Taiwan have had their chance from the 1960s to the 1990s, relying above all else on the vast American market. Seizing the opportunity created by United States sponsorship—in particular the decision to keep the American market open to East Asia's industrial commodities, in spite of increasing protectionist pressures—the capitalist states in East Asia built export powerhouses, while insulating their own markets and prevailing over their own societies. In the prophylactic realm they created, these states produced mechanisms that would serve as substitutes for—in economic historian Alexander Gerschenkron's formulation—"missing" prerequisites for an economic takeoff, the most important of these being entrepreneurial segments and domestic capital for industrialization.

### THE CONSEQUENCES OF CAPITALISM

The example of China immediately makes clear the hazards of pursuing this model in a different time and place. As several analysts have recently pointed out, if the textile sector were not so heavily protected—especially with the quotas and other barriers in the American market—China would quickly become the world's premier textile exporter. In the protectionist 1990s, as opposed to the open 1960s, textiles probably cannot be a "leading sector" for China as they were for South Korea and Taiwan. China cannot rely overwhelmingly on exports, as have other newly industrialized East Asian countries that have—Japan excepted—paltry domestic markets. China's huge domestic market must be able to absorb not only its own manufactures but vast quantities of foreign imports as well, in part to assure continuing access to markets for its exports.

The 1960s and 1970s were also indulgent toward "soft authoritarianism," with much hortatory literature penned by political scientists touting the virtues of putting the military in the saddle of "political development." Paradoxically, China went from "hard" to "soft" authoritarianism just in time to get bashed for bashing Chinese students—a reprehensible and terrible action, but arguably not worse than what happened in South Korea in 1980 or Mexico City in 1968.

The East Asian newly industrialized countries, however, during the earlier periods erected a huge bureaucratic apparatus to incubate a nascent capitalist class. From this logic flowed a set of repressive policies that characterized prewar Japan and postwar South Korea and Taiwan: financial repression by the state, in the form of a non-market-determined, exceedingly low price for capital, so that large sums were transferred

<sup>2</sup>Chalmers Johnson, "Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea, and Taiwan," in Frederic Dexo, ed., *The Political Economy of the New Asian Industrialism* (Ithaca, N.Y.: Cornell University Press, 1987).



from savers to corporate borrowers; labor repression, so that a class could be broken and a new one created; discrimination against foreign commodities to protect domestic capital; and finally, repression of the popular sector, which is to say, democracy.

Thus in South Korea the historical task of the authoritarian state was the creation (not re-creation, as in more advanced capitalist countries) of a capitalist class. This was particularly urgent because Korea inherited a tiny capitalist class on liberation in 1945—Japanese colonialism having been less interested in incubation than infanticide when faced with independent Korean capitalist development.

If the authoritarian state in South Korea is thus viewed as an entity that has jump-started not just a stagnant economy but an entire capitalist constellation—with the Korean conglomerates, the chaebol

groups, the first major fruit—the implications of China's emulation of the South Korean political economy are highly interesting. They imply a transition from communism to capitalism, with the octogenarian Communists who cling to power in Beijing playing midwife to the birth not just of export-led growth but the capitalist classes their dictatorship of the proletariat was designed to quash.

What all this means is that authoritarianism in East Asia is an integral part of development strategy, useful not just for steadying societies in developmental flux but for creating the class that carried all before the modern world—the entrepreneurial class—and in the shifting of resources to that class. Authoritarian politics is not something genetically encoded in Confucian civilization, but a tried-and-true political arrangement in East Asia in its rush to industrialize. ■

The city-state Singapore has become an economic powerhouse under a democratically elected government dominated by one party that exercises a high degree of social control. Prime Minister Goh Chok Tong expounds on what he considers the secret of Singapore's success in "Moral Values: The Foundation of a Vibrant State," an address delivered at a National Day rally this August 21.

## Social Values, Singapore Style

Four years ago, I could not have predicted that we would do so well. Last year's growth of 9.9 percent was extraordinary. Its momentum has carried over to this year. We grew by 10.5 percent for the first half of this year. Even if the economy slows down in the second half, we should still end the year with more than 9 percent growth, which means civil servants will get a special bonus.

Our strong economic performance translated into higher wages and better schools, housing, and health care. Everyone has benefited, not just big businessmen, the graduates and professionals, but also small businessmen, workers, stall-owners, and taxi drivers.

Singaporeans living in Housing and Development Board [HDB] flats have seen big improvements in their standard of living. They own more luxury items like hi-fi sets, air conditioners, microwave ovens, and personal computers. Thirty-seven thousand HDB homes have maids, including 4,000 three-roomer households. Each year nearly half the HDB families have some members who go abroad for holidays.

Compare yourself with your counterparts in other countries and see how well you have done. If you are a technician or a teacher, compare yourself with technicians or teachers elsewhere. If you are a taxi driver, compare yourself with taxi drivers in Thailand, Taiwan, London, or anywhere else in the world. How many of them own their homes? How many of them own shares? You are ahead of them.

How far ahead? Singaporeans now have one of the highest per capita incomes in the world. The World Bank ranks us eighteenth among 230 countries. We are ahead of Hong Kong and New Zealand, and just behind Australia.

It will not be easy to repeat the 8.1 percent annual growth of the last five years. But I am optimistic. . . The region is booming. We are seeing the greatest transformation in human history since the Industrial Revolution of the eighteenth century.

### FAMILY AND MORAL VALUES

I am reasonably confident that things will go well for the next five to ten years. At home, sound economic

policies are in place. In the region things look calm but of course, one can never predict international relations. For success to continue, correct economic policies alone are not enough. Equally important are the noneconomic factors—a sense of community and nationhood, a disciplined and hard-working people, strong moral values, and family ties. The type of society we are determines how we perform. It is not simply materialism and pursuit of individual rewards which drive Singapore forward. More important, it is the sense of idealism and service, born out of a feeling of social solidarity and national identification. Without these crucial factors, we cannot be a happy or dynamic society.

These noneconomic factors translate into the political values the society has. Some of the political values we have are already ingrained and are good for our development. For example, society's rejection of corrupt practices and demand for a clean government and civil service. This is a basic expectation and it is a good political value. The more we enshrine this value, the more we ensure that crooked people do not assume responsible positions to make decisions affecting our lives. Only with a set of political and social values grounded on sound moral principles can a country develop progressively and win the respect of other nations.

Singaporeans have the right values to progress. Our Asian culture puts group interests above those of the individual. We have strong family and extended family ties. The generation of those over 40 has shared the hardships of the 1950s, 1960s, and 1970s caused by communists and communalists, and the uncertainties after separation from Malaysia when our survival was at stake. These experiences have tempered this older generation.

But societies change. They change with affluence, with technology, with politics. Sometimes changes are for the better, but sometimes changes make a society lose its vitality, its solidarity, make a people soft and [lead to] decline.

Singaporeans today enjoy full employment and high economic growth, and low divorce, illegitimacy, and

crime rates. You may think decline is unimaginable. But societies can go wrong quickly. The United States and British societies have changed profoundly in the last 30 years. Up to the early 1960s they were disciplined, conservative, with the family very much the pillar of their societies.

Since then, both the United States and Britain have seen a sharp rise in broken families, teenage mothers, illegitimate children, juvenile delinquency, vandalism, and violent crime. In Britain, one in three children is born to an unmarried mother. The same is true in the United States. A recent BBC program asked viewers to choose from a list of finalists the model British family. They chose a pretty divorcée, her boyfriend, and her five-year-old daughter by a previous marriage. The boyfriend did not even live with the divorcée. He came over only on weekends. This "family" won by an overwhelming majority. *The Times* of London, which reported this story, said that the BBC viewers chose them not just because they looked attractive but because they easily identified themselves with them.

This is a profound change in the British family structure. Many families have no man at the head of the household. The woman raises her children without him. The man is, as the *London Sunday Times* puts it, "a nonessential extra."

Some American and British thinkers are deeply concerned with this change in the moral fabric. *U.S. News and World Report* recently carried a series of articles entitled "America's New Crusade" on the loss of values in the United States. Twenty-five years ago the United States was swept by the hippie movement, the "flower power" people who smoked pot, promoted free love, believed in "doing their own thing," and opposed the Vietnam War. Today, one article says:

Many Americans feel mired in a deep cultural recession and are struggling to escape by restoring old-fashioned values to a central place in their lives. It is Woodstock turned on its head 25 years later, a counterrevolution that esteems prayer over pot, self-discipline over self-indulgence, family love over free love.

At the core of this pessimism is an increasingly frantic fear among Americans that the country is suffering a moral and spiritual decline.

It also quoted President Bill Clinton: "Our problems are beyond government's reach. They are rooted in the loss of values."

Singapore society is also changing. Singaporeans are more preoccupied with materialism and individual rewards. Divorce rates are rising slightly. There are some single parents, and some increases in drug addiction and juvenile delinquency.

Recently the *Straits Times* carried an advertisement showing a boy saying: "Come on, Dad. If you can play

golf five times a week, I can have Sustagen once a day." I found the language, the way the boy speaks, most objectionable. Why put an American boy's way of speaking to a father into a Singaporean boy's mouth? Do your children really speak to you like that these days? These advertisements will encourage children to be insolent to their parents. Many American children call their fathers by their first names, and treat them with casual familiarity. We must not unthinkingly drift into attitudes and manners which undermine the traditional politeness and deference Asian children have for their parents and elders. It will destroy the way our children have grown up, respectful and polite to their elders.

*Lesson 1: Do not indulge yourselves and your family, especially young children and teenagers.*

As Singaporeans become more affluent, parents have increasingly indulged their children's whims and fancies. One small sign of this is the growing number of obese children in schools. Between 1980 and 1993, the obesity rate for primary school students went up threefold. I see this in kindergarten students in Marine Parade. There are more chubby children today than in the 1970s. Affluent parents who had poor childhoods want to spoil their children.

The schools are tackling the problem, but too many parents are not cooperating. They think chubby children are cute, because in the old days only wealthy people had chubby children. They do not know that doctors have found that fat cells in children make for a lifetime of problems.

In America, indulgent upbringing of children has brought sorry consequences. If you slap your child for unruly behavior, you risk going to jail. At a grocery store in the state of Georgia, a 9-year-old boy picked on his sister and was rude to the mother. The mother slapped him. A police officer saw red marks on the boy's face and asked if he had been slapped before. "I get smacked when I am bad," the boy said. The mother was handcuffed and hauled to jail for child abuse. She was released on \$33,000 bail. The charges were later dropped, not because the police felt they were wrong, but because they feared they could not prove to the court that the mother's slapping had caused excessive pain to her son.

British justice also seems to have gone liberal and soft. One teenager committed burglary and other offenses. To reform him, the judge sent him on an 80-day holiday to Africa: Egypt, Kenya, Tanzania, Malawi, Zambia, and Zimbabwe. I suppose this trip was meant to open his eyes to conditions in poorer countries. The safari cost British taxpayers £7,000 (\$\$16,100). Within a week of returning from this all-expenses-paid trip, the "Safari Boy," as he was dubbed by the press, went on a burglary spree. He was



convicted. The sentence? A six-month stay in a young offenders institution, where the treatment is gentle.

The American and British peoples are fed up with rising crime rates, and want to get tough on crime. This is why Michael Fay's vandalism aroused such interest. Opinion polls showed that the American and British public supported the Singapore government's stand on the caning by large margins. But the liberal establishment, especially in the media, campaigned hysterically against the caning, not least because they felt that the ground in their own countries was shifting against them.

Compare the attitudes of Michael Fay's parents and the parents of Shiu Chi Ho [a youth arrested along with Fay for vandalism]. Fay's parents were outraged instead of being ashamed. They went on radio, television, [and] talk shows, blaming everyone but themselves. Shiu's parents showed pain, avoided publicity, and considered leaving Singapore because of a sense of shame. On the other hand, Michael Fay, back in America, got drunk, and when his father protested, he tackled the father and wrestled him to the ground. I cannot imagine a Chinese son, or any other Asian son, physically tackling his father. But that may happen when sons call their fathers by their first names and treat them as equals. Familiarity can breed contempt.

In Confucian society, a child who goes wrong knows he has brought shame upon the whole family. In America, he may win instant stardom, like Tonya Harding, the ice skater who tried to fix her rival. The difference is stark between what traditional Asians demand of their children and what many Americans now allow theirs to become.

William Bennet, who was President [Ronald] Reagan's secretary of education, wrote an article in the *Asian Wall Street Journal* [March 16, 1993] titled "Quantifying America's Decline." From 1960 to 1990, the United States GDP grew by nearly 300 percent, welfare spending by 600 percent, and the education budget by 225 percent. During the same period, violent crime increased by 560 percent, illegitimate births and divorces by 400 percent. The only thing which went down was student performance: the [average] Scholastic Aptitude Test score dropped by 80 points.

What went wrong? People demand their rights, without balancing them with responsibilities and a sense of social obligation. As Mr. Bennet puts it: "American society now places less value than before on what it owes to others as a matter of moral obligation; less value on sacrifice as a moral good; less value on social conformity and respectability; and less value on correctness and restraint in matters of physical pleasure and sexuality."

This is the result of a me-first-and-society-last attitude to life.

Because we uphold tried and tested traditional values and inculcate them in our young, we are a

different society. For instance, the *Straits Times* recently printed a letter from Naresh K. Sinha, a visiting professor at Nanyang Technological University from McMaster University in Ontario, Canada. It was an unsolicited compliment to standards of morality in Singapore. Two days before Mr. Sinha was due to leave Singapore, he went to a CPF [Central Provident Fund, a combination of Social Security, Medicare, and Individual Retirement Account for workers in Singapore] branch office to withdraw his Medisave contributions. To his horror, he discovered he had lost his passport. He panicked and made several phone calls. Meanwhile someone had found his passport and handed it to the police. The police called his office to ask him to go down to the police station and claim it. Mr. Sinha wrote:

There are two amazing facts about this incident. The first is that someone took it immediately to the police station. The second is the efficiency with which the police were able to locate where I worked and inform me that they had my passport . . . This could be possible only because of the tough law enforcement in Singapore, coupled with the fact that the political leaders here have promulgated a strict code of ethics and morality.

Mr. Sinha lamented that during the last 33 years of his stay in North America, he had seen a steady decline in moral standards, followed by increasing crime and falling standards in education in both Canada and the United States.

I know Mr. Sinha's experience is just one example and there are others who lose their things and never get them back. But I cited Mr. Sinha's letter not to make us proud of ourselves or, worse still, smug. It is to highlight and hold up as examples the good deeds when they are done. In the same vein, I am pleased to see our newspapers, television, and police give prominence to Singaporeans who do honest deeds. Society must hold up these examples so that we can all emulate them and retain our strict code of ethics and morality.

#### *Lesson 2: Compassion can be misguided.*

We deal severely with criminals and antisocial elements. We have a reason: we have seen that in such cases, to be kind to the individual offender is to be cruel to the whole society and to him.

When Michael Fay was caned for vandalism, the United States media accused us of being barbaric. We know from experience that strict punishment deters criminals. In particular, it deters those who have been punished from repeating the offense. One United States television crew who was here covering the Michael Fay case interviewed a man who had been caned for participating in a gang rape. He told them

that the caning was so painful that he would never commit the crime again. In other words, the punishment worked. . .

Welfare is the other area where misguided government compassion has led to disastrous results. The biggest welfare program in America is Aid to Families with Dependent Children [AFDC]. Under this program, women who are poor, unmarried, and have children receive welfare checks so long as they remain single and jobless. Result? The women don't get married and they don't get a job. For if they do, they will lose the benefits. So they produce more illegitimate babies.

Before 1960, one in twenty Americans was born out of wedlock. Now it is one in three. Among black Americans, two out of three births are illegitimate. Having babies without getting married is becoming the way of life for many Americans.

The AFDC program costs the United States taxpayers US\$34 billion a year, enough to support our armed forces for 11 years!

Our compassion must never remove that spur that makes people work and pay for themselves. Nor should we undermine self-control, discipline, and responsibility.

Singapore is still a conservative society. Few children are born out of wedlock—one in a hundred. . . I was dismayed that Sumiko Tan, a *Straits Times* journalist whom I know to be a serious-minded young lady, could publicly reveal that she had once entertained the thought of having a child out of wedlock. Japan, despite its wealth, is still conservative, with only one child in a hundred born out of wedlock. Japanese women feel ashamed to have illegitimate children, and quite rightly so.

### *Lesson 3: Defend and strengthen family values.*

One of our shared values is the family as the basic building block of society. Through the family we transmit values, nurture our young, build self-esteem, and provide mutual support. Schools can teach ethics, Confucian studies, or religious knowledge, but school teachers cannot replace parents or grandparents as the principal models for their children.

Many three-generation Singapore families live together. But this is giving way to single nuclear families. Even so, Singaporeans try to buy HDB flats near their parents so grandparents [can] help out with the grandchildren. Married children still have regular dinners or lunches with their parents.

But we have educated all our women and given them a difficult double role as homemaker and co-breadwinner. If the grandparents look after the children, the kids are not at risk. But they will be at risk if left entirely to the maids, or worse, grow up by themselves in front of televisions.

Furthermore, as we go regional, more families will have fathers who are frequently away, and mothers will

have to bear the full burden of caring for the children and aged parents. We must help families to stay together, and encourage wives and young children to follow the fathers abroad, to China, Vietnam, India, or Indonesia.

Women's groups have pressed the government to change the Civil Service rule on medical benefits for family members of female officers. The cabinet has discussed this several times and is reluctant to do so. Changing the rule will alter the balance of responsibility between man and woman in the family. Asian society has always held the man responsible for the child he has fathered. He is the primary provider, not his wife. If a woman has a husband, the husband must be responsible for supporting his children, including meeting their medical costs. If she is an unmarried mother, her children will not be entitled to civil service medical benefits. But if she is widowed or her husband is incapacitated and she is the sole breadwinner, an exception is made and the government extends medical benefits to eligible children. If the boyfriend's child, or the woman's husband, can depend on the woman for medical benefits, [the] Singapore man will become a nonessential extra as in Britain.

I am not saying that woman is inferior to man and must play a subservient role. I believe women should have equal opportunities and men should help out at home, looking after babies, cleaning the house, and washing dishes. But we must hold the man responsible for the child he has fathered, otherwise we will change for the worse a very basic sanction of Asian society. We do not accept unmarried single-parent families.

See what has happened in the United States, the UK, and New Zealand in the last 20 years after their governments took the responsibility of looking after unmarried or divorced mothers and their fatherless children. The number of single-mother families skyrocketed out of control.

America, Britain, and several West European governments have taken over the economic and social functions of the family, and so make [the] family unnecessary and superfluous. Marriage to raise a family is now an extra, an optional extra, like optional extras when buying a car. As the pope observed, two lesbians, a dog, and a cat now form a family.

America's and Britain's social troubles, a growing underclass which is violence prone, uneducated, drug-taking, sexually promiscuous, is the direct result of their family units becoming redundant or nonfunctional. Some 20 to 25 percent of American and British children go to school not to study but to fight and make mischief. Teachers cannot control them. In America, many students carry guns to school and have shoot-outs.

The basic error was for governments to believe that they could stand in place of father and even mother. So they have an underclass which grows up unnurtured

by mother or father, no family love and support, no role models, no moral instructions. It started with the best of intentions—compassion for the less fortunate. It ended in the dismantling of their family and the creation of troublesome, uncontrollable youngsters who in turn will become parents without forming proper families.

That is why our Small Families Improvement Scheme insists on the family staying intact. When the family breaks up, the payment stops. I know this is harsh, but it is right. We must never end up with our own version of Aid to Families with Dependent Children. . .

## GOVERNMENT'S ROLE TO SUPPORT THE FAMILY

We intend to reinforce the strength of the family. The government will channel rights, and benefits and privileges, through the head of the family so that he can enforce the obligations and responsibilities of family members. We will frame legislation and administrative rules towards this objective. We already give tax rebates for support of parents and children. Children are allowed to top up their parents' CPF. Medisave can be used for parents, siblings, and the extended family. We encourage and will give support to such cross-generational transfers in the family and the extended family.

The government supports Walter Woon's Bill on the Maintenance of Parents. Parents who brought up their children should in turn be cared for by them. They should have legal recourse to seek financial support from their children as a last resort.

Edusave accounts are now in the name of students. We will amend the Edusave Act so that the accounts are jointly held by the students and parents, either the father or mother. The children are too young to have their apron strings cut. Joint accounts will underline and reinforce the family bond.

The government will introduce a new CPF housing grant scheme to help children buy HDB flats near their parents. We will remit a grant of \$30,000 into the CPF account of households who purchase, as their first HDB flat, a resale flat in the New Town where their parents live. The \$30,000 grant is to be used strictly as a capital payment to reduce the loan principal. The same conditions will apply as for first-time buyers of HDB flats—income eligibility, a five-year minimum period of occupation before resale or reapplication for another flat, and a premium or levy to be paid when they next buy a flat from HDB.

HDB currently allows unmarried mothers to buy HDB flats direct as well as on the resale market. One thousand unmarried mothers have done so. This rule implicitly accepts unmarried motherhood as a respectable part of our society. This is wrong. By removing the stigma, we may encourage more women to have children without getting married. After discovering this slip-up in our rules, we have decided no longer to allow

unmarried mothers to buy HDB flats direct from the HDB. They have to buy them from the resale market.

## LESSONS FROM TAIWAN

Now, let me turn to a related subject. The Western media prescribe Western-style democracy and press freedom for all countries, regardless of their different histories, culture, traditions, and social evolution. They praise countries which follow their prescriptions: a free-wheeling democracy designed to produce alternating parties in government, and a press that treats the government party as an overlord to be gunned down and the opposition party as the underdog to root for. So the Western media praise Taiwan and South Korea but criticize Singapore because we do not heed their advice. We are the "authoritarian," "dictatorial" "PAP [People's Action Party] regime," "strait-laced" and "repressive."

*The Economist* in a recent report on Taiwan said: "The interests of Taiwan are more likely to be served. . . by the evolution of a system of pluralism which enables bad governments to be voted out and good governments to be voted in. . ."

"Taiwan will then look just like any other independent democratic country, and have the same moral claims on the rest of the free world."

*The Economist* argued that Taiwan should become more "pluralistic" and "democratic," even though it acknowledged that Taiwan was "a society where votes are bought and free elections have proved to be very expensive." *The Asian Wall Street Journal* reported that the Taiwanese government is cracking down on election vote-buying, and in March indicted "436 politicians, including 341 of 858 councillors voted into office early in the year." In the Taoyuan county assembly, out of 60 councillors, 30 have been convicted of corruption and are appealing, 24 more are on trial, and 2 have been acquitted. That means only 4 out of 60 had no charges against them.

In the same issue of the *Asian Wall Street Journal*, an American academic, James Robinson, noted that in the forthcoming elections for mayor of Taipei, the Kuomintang candidate has "a budget of some US\$20 million—in the league of a United States presidential campaign." Yet Robinson goes on to say: "The Taiwanese themselves marvel at how far their country has come in ten years, reforming itself and making its democratic processes durable. This polity has room to become more democratic, especially in privatization of television and radio and reform of campaign financing, but the democratic core is firm."

Now, let me quote the Taiwanese themselves. They have a serious magazine called *Commonwealth*. Ten years ago, [*Commonwealth*] sent a team here to produce a special edition on Singapore. Five years ago, it sent another team, and this year, a third team. Its editors



and journalists have studied us closely over a period of 10 years.

The publisher and chief editor, Diane Ying, in her article "What Makes a Beautiful Dream Come True," says:

In ten years, Singapore has faced the reality coolly and soberly, sparing no effort in addressing its problems. . .

[On the other hand,] in ten years, loss of social discipline, confusion of values, rampant gangsterism and drug addiction, a crisis of national identity, poor leadership, and weakening of government power and public trust in Taiwan have left Taiwan further and further behind Singapore.

Taiwan has lost its goal and efficiency after lifting martial law: environmental pollution, backwardness of public construction, and worsening social order. . .

Most Taiwanese share the dream of having a clean environment, gracious living, a safe and stable society, and a clean and efficient government. What they want is social equality and rule of law, *not greater freedom and democracy*.

These are the words from Taiwan's leading intellectual magazine.

The Taiwanese have good reasons for going democratic, American style. Taiwan's leaders know too well that this is a very complex and delicate operation. But to survive they need the support of the United States media and Congress. Moreover, if Taiwan is democratic and China is totalitarian, then the West may support Taiwan if China uses force for reunification.

Western liberals, foreign media, and human rights groups also want Singapore to be like their societies, and some Singaporeans mindlessly dance to their tune. See what happened to President [Mikhail] Gorbachev because he was beguiled by their praise. Deng Xiaoping received their condemnation. But look at China today, and see what has happened to the Soviet Union. It's gone. Imploded! We must think for ourselves and decide what is good for Singapore, what will make Singapore stable and successful. Above all else, stay away from policies which have brought a plague of social and economic problems to the United States and Britain.

Let me end by quoting from a *U.S. News and World Report* editorial, "Where Have Our Values Gone?"

which eloquently describes what it calls America's "moral and spiritual decline":

Social dysfunction haunts the land: crime and drug abuse, the breakup of the family, the slump in academic performance, the disfigurement of public places by druggies, thugs and exhibitionists.

We certainly seem to have lost the balance between societal rights and individual freedoms. There are daily confrontations with almost everyone in authority: . . . children against parents, mothers against matrimony, fathers against child support. . .

Gone are the habits America once admired: industriousness, thrift, self-discipline, commitment.

The combined effect of these sicknesses, rooted in phony doctrines of liberalism, has been to tax the nation's optimism and sap its confidence in the future.

America was not like this in 1966 when I was there as a student. In one generation, it has changed. Is it for the better or for the worse? That's for Americans to decide. But for me, a Singaporean, it is a change I would not want for my children and my grandchildren. Will Singapore, another generation from now, be like the United States today? This is not an idle question. Popular culture, television, rock music, the buy-now-pay-later advertisements, conspicuous consumption, the desire for more material goods, all combine to erode the traditional virtues of hard work, thrift, personal responsibility, and family togetherness.

Our institutions and basic policies are in place to sustain high economic growth. But if we lose our traditional values, our family strength and our social cohesion, we will lose our vibrancy and decline. This is the intangible factor in the success of East Asian economies, especially the NIES [Newly Industrialized Economies] and Japan.

We have a built-in set of traditional values that have made our families strong. These values are tried and tested, have held us together, and propelled us forward. We must keep them as the bedrock values of our society for the next century. With no physical resources but with proper values, we have made the grade. To continue to succeed, we have to uphold these values which bond the family and unite our nation. ■

"The Asia Pacific embarks on the Pacific Century at peace. Will it last? If history is any guide, the chances are poor."

## Pacific Security in the Pacific Century

BY DAVID SHAMBAUGH

After 150 years of war and military tension, the Asia Pacific is at peace today. The current lull in more than a century of conflict has led some to assume that the Pacific Century will be pacific. This belief has been occasioned not only by the end of the cold war, but also by the assumption that the economic interdependence of the Asia Pacific nations will anchor relationships, contain competition from stimulating conflict, maintain the balance of power, and ensure regional security.

Despite this optimism, the assumption of a pacific Asia is by no means a foregone conclusion. As in other parts of the world, regional conflicts repressed by the cold war now have the potential to reemerge. Lingering historical rivalries and national divisions remain, and new symmetries are taking shape that may cause a fundamental realignment in the balance of power. Mutual perceptions are also shifting, and bilateral relationships and security in the region are in great flux.

Much of the recent change has been for the better, and has helped stabilize security in the region. Animosity that were fixtures of the postwar era have been relaxed (for example, those between China-Russia, Japan-Russia, China-South Korea, China-Vietnam, China-India, Cambodia-Vietnam, Vietnam-ASEAN). Most civil wars and insurgencies have dissipated or come to an end. However, numerous territorial disputes, the continued standoff on the Korean peninsula, and the China-Taiwan problem could erupt into armed conflict. More broadly, regional fears of a resurgent Japan, a strong and assertive China, an unpredictable North Korea, and a powerful India are keeping strategists working overtime.

Doubts about the future of regional security are fueled by the uncertain roles that Russia and the United States will play. Neither commands the respect or power it had five years ago. Further compounding this fluidity is the absence of any regional collective security regime to deter or contain conflicts. Security dialogues are under way at the governmental and nongovernmental levels, but impediments to implementing confidence building measures and establishing a collective security framework remain.

### POTENTIAL FLASHPOINTS

While war does not trouble the Asia Pacific at present, instability in several places throughout the region could trigger hostilities. Yet recognizing the potential for conflict is not to overlook the positive contributions intraregional détente has made to regional security in recent years.<sup>1</sup> The Asia Pacific is demonstrably less conflict prone than it was even three years ago. Yet tensions simmer. Short-term potentialities (1 to 5 years) must be distinguished from medium-term possibilities (5 to 15 years).

Korea's continuing division, the nature and uncertain future of the North Korean regime, and that regime's nuclear intentions make the Korean peninsula the primary potential flashpoint in the region. Tensions across the Taiwan Straits are also growing and could erupt at any time. The possibility of an independent Taiwanese state makes the issue of Taiwan's status loom larger as a source of regional instability than at any time since the Sino-American rapprochement in 1972. China also shares disputed borders with India and Vietnam—disputes that led to war in 1962 and 1979 respectively—although bilateral boundary commissions have been established to discuss the borders. Territorial disputes in the Sea of Okhotsk, the Sea of Japan, the East China Sea, and the South China Sea could spark conflict.

Near-term flashpoints may still exist but—with the exception of the Koreas, China/Taiwan, and India/Pakistan—the large military forces that only recently faced each other have largely disengaged. They have not, however, demobilized. Asia has six of the world's eight largest standing armies: China 3.03 million; India 1.265 million; North Korea 1.13 million; Vietnam

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<sup>1</sup>See the essays in Leslie Palmier, ed., *Asia in Detente?* (London: Macmillan, 1992).

857,000; South Korea 633,000; and Pakistan 577,000. Asian military establishments are increasingly armed with sophisticated, state-of-the-art weaponry. The introduction into the region of F-16, MIG-31, and SU-27 fighter-interceptors and a range of modern naval vessels has led many analysts to conclude that an arms race has begun. Defense spending is also dramatically rising as the region's militaries attempt to modernize their forces. Unlike other parts of the world where the end of the cold war has brought a "peace dividend" and a reduction in military forces, the trend has been the opposite in Asia.

### INTERACTIONS AMONG THE POWERS

In the medium term, stability and security in Asia are likely to revolve around relations among the larger regional powers and the United States, and the growing strength of certain Asian nations. The shifts in the established balance of power caused by China's emergence as an economic and military power will be a central challenge to the region and the world in the years to come. Japan's growing assertiveness in regional and international affairs is also changing the strategic landscape.

Equally important are the diminishing roles played by Russia and the United States in Asia. Since the collapse of the Soviet Union, Russia has become a marginal player in regional affairs, and it is unclear if Moscow will be in a position to exert any real influence for the foreseeable future (even if it does succeed in reasserting a relative sphere of influence in its "near abroad"). The role of the United States is also in doubt. Throughout Asia one encounters the perception that Washington is pulling out of the region. Whether or not this is true (American officials hotly deny it and tangible evidence contradicts it), Asians increasingly see the United States as pulling back.

Despite the rise of China and Japan and the relative decline of Russia and America in East Asia, the interrelationships among these four powers will determine whether the Pacific Century will be pacific. The flashpoints noted earlier would not only bring into conflict the principal antagonists, but could also trigger involvement by these major powers. Cooperative and competitive elements are found in each bilateral relationship, but the potential for strategic rivalry exists in each case.

The postwar order in Asia was cast by the cold war. A bipolar balance emerged with Washington and Tokyo confronting Beijing and Moscow. This basic configuration held for more than two decades, although with China's rupture with the Soviet Union in

1960, a more complex quadrangle of power took shape between the Soviet Union, China, Japan, and the United States.

With President Richard Nixon's visit to Beijing in 1972 and the normalization of diplomatic relations between China and Japan that same year, a new era in Asian international relations began. For the first time in the twentieth century, the United States, Japan, and China enjoyed productive and amicable relations with one another, and all shared a strategic orientation to contain Soviet power in Asia. This was to last a decade. In 1982–1983, Beijing and Moscow initiated a cautious rapprochement while the former distanced itself from its strategic alignment with Washington. Meanwhile, Beijing and Tokyo proceeded to build a close commercial and political relationship as strains in United States-Japan relations emerged. Considerable fluidity remained in these interrelationships throughout the remainder of the 1980s. The 1989 Tiananmen massacre and the 1991 implosion of the Soviet Union only increased the fluidity.

With the collapse of the Soviet Union and end of the cold war the regional "strategic quadrangle" has been reduced to a triangle, since Russia is not a principal strategic actor in the Asia Pacific region.<sup>2</sup> There are calls from nationalistic quarters in Russia to "reclaim the empire," including territories beyond the former Soviet Union in Asia, but an imperial thrust is unlikely to materialize or meet with success. Russia's armed forces are in disarray, and the once feared Pacific Fleet is literally rusting in Vladivostok harbor. Ground forces in the Far Eastern Military District have been cut by more than half, and those that remain are in a very poor state of readiness. The defense pacts and alliances that Moscow had with India, Vietnam, North Korea, and Mongolia are defunct. Commercially, Russia is a virtual nonplayer in the Asia Pacific's booming trade. In 1992 Russia's total trade turnover with the Asia Pacific region was a paltry \$9.5 billion; the lion's share (\$6.5 billion) was with China. Future trade prospects are not much brighter: Russia has little to offer the Asian nations, except natural resources and weapons.

Since 1991 dynamics between the four regional powers have intensified and become more complex. Despite its declining regional role, Moscow has developed an extensive relationship with Beijing. This blossoming relationship is particularly noteworthy, and it has certainly contributed to China's national security and strategic leverage. High-level exchanges, including meetings between Presidents Boris Yeltsin and Jiang Zemin, occur annually. Ministerial-level officials shuttle between the two countries regularly. More than 50 bilateral accords have been signed in the last three years. Two-way trade, negligible just a few years ago, totaled \$7.6 billion in 1993. In an ironic twist of history, China has become a creditor to Russia, extending several large loans and commodity credits.

<sup>2</sup>For an excellent discussion of Russia's role in Asia today see Charles E. Ziegler, "Russia in the Asia-Pacific: A Major Power or Minor Participant?" *Asian Survey*, vol. 34, no. 6 (June 1994).



Moscow's debt to Beijing stood at \$1.07 billion in 1993.

A significant indicator of the warming relationship between these two formerly bitter adversaries is the military sphere. Various confidence-building measures have been implemented, including a considerable reduction of forces along the 4,550 mile-long Sino-Russian frontier. With the minor exception of the navigation channel in the Amur River, agreements have been reached to demarcate the entire border between the two countries. A nonaggression treaty is said to be under negotiation, and Presidents Yeltsin and Jiang agreed this September not to target nuclear weapons against each other.

Military delegations are now exchanged on a monthly basis. Russian engineers have returned to upgrade defense factories constructed during the 1950s, and to help modernize several Chinese weapons systems (including the long-plagued submarine-launched ballistic missile program). Russia has also sold sophisticated arms to China in recent years—including 26 SU-27 high-altitude interceptors, 10 Ilyushin-76 transports, 18 S-300 anti-aircraft batteries with 80 surface-to-air missiles, and 12 MI-17 attack helicopters. Visiting Chinese military delegations have examined and expressed interest in purchasing a wide variety of other systems—including an aircraft carrier, Kilo class diesel submarines, T-72 main battle tanks, MIG-29 and MIG-31 interceptors, advanced avionics, and more SU-27 fighters—but to date these sales have not materialized. They are unlikely to do so, at least in any large numbers, because the People's Liberation Army lacks the foreign exchange for large-scale purchases and China is reluctant to become dependent on foreign suppliers. The People's Republic learned a harsh lesson in this regard in 1960, when Soviet advisers, supplies, and joint projects were abruptly terminated when relations soured. Chinese strategy today exhibits a preference for co-production arrangements on Chinese soil.

### JAPAN'S NEW ASSERTIVENESS

The cold war ensured that Washington and Tokyo contained their economic competition and commercial conflicts in the interests of a larger strategic partnership. This partnership was sustained by broadly shared values and democratic political systems. Today this still appears to be the case, despite the intensification of trade frictions and the Clinton administration's inclination to enforce retaliatory trade legislation. Nonetheless, a change in Japan's reaction to the United States is evident. The "just say no" school appears to be on the ascent. This is indicative of broader shifts in Japan's self-image and definitions of international interests, as well as the coming to power of a postwar generation that is far less encumbered with the burdens of the past.

Japan is displaying a new self-confidence in a variety of international arenas, which has caused some concern in the Asia Pacific. With respect to the United States this has meant not only a tougher response to trade disputes, but a quiet reexamination of the terms of the alliance. Since it entered office earlier this year, Prime Minister Tomiichi Murayama's government has backtracked on the Socialist Party's longstanding opposition to Japan's alliance with the United States, the stationing of American troops on the home islands and Okinawa, and sharing costs associated with the maintenance of United States forces. But at the same time, the Murayama administration is forcing a careful rethinking of these sensitive issues. There is also a growing number of voices in Japan for a greater assertiveness toward China, with many intellectuals and politicians openly expressing concern about the prospects of a strong and powerful China.

The main manifestation of Japan's new consciousness and confidence is the emerging consensus on conducting a more activist foreign policy, maintaining a strong defense, and increasing Japan's international stature. This consensus was forged under Prime Minister Morihiro Hosokawa, and does not appear to have fractured with the election of Murayama's Socialist-led government. To some extent the new confidence represents a rising nationalism and declining pacifism among Japanese politicians and intellectuals, although it must not be mistaken for a new militarism or revanchism. The rationale has been simply to bring Japan's global political and—to a lesser extent—military clout in line with its economic power. This has resulted in Japan's decision to contribute troops to international peacekeeping forces and to play a role in brokering conflicts (such as that in Bosnia and Herzegovina); to seek a permanent seat on the UN Security Council; and to increase military spending and provide the Japanese Self-Defense Forces with state-of-the-art equipment (perhaps including an antiballistic missile system).

While the United States has generally welcomed—and indeed has encouraged—Japan's new international activism, China has not. Like many other Asians, the Chinese remain highly skeptical of any increase in Japan's international or regional political or military roles. This partly stems from the legacy of World War II and Beijing's longstanding fears of revived Japanese militarism, but it is also related to China's own aspirations to become the dominant power in the Asia Pacific region.

Sino-Japanese relations have been strengthened following a brief interlude after 1989, when Tokyo had to acquiesce to Western sanctions against Beijing. However, political disputes over Taiwan, mutual fears about the growing strength of each other's military, and lingering distrust stemming from World War II plague the Sino-Japanese relationship and are beginning to

surface. Frictions between the two have intensified, and the constituencies in each country that advocate a "get tough" policy with the other have grown. One senses that perceptions are shifting and a long-term strategic rivalry is brewing.<sup>3</sup>

### COPING WITH CHINA

The principal problem facing Washington and Tokyo in the coming years will not be each other, but China. The challenges posed to both by China's economic dynamism, modernizing military, and authoritarian political system will cement the United States-Japan relationship and breathe new life into the bilateral alliance.

Washington and Tokyo have overlapping but also divergent interests in, and policies toward, China. The essential difference is political. Japan's highest priority is that China remain socially and politically stable, whereas the United States favors—and even hopes to foster—social and political change in China. The greatest fear of the Japanese government and people is that China will become convulsed in civil conflict that would splinter the nation and bring a massive refugee exodus to Japan's shores. Unlike Washington, human rights concerns rank relatively low on Tokyo's agenda with Beijing. This was evident during Prime Minister Hosokawa's visit to Beijing this March. The Japanese leader pleased his hosts by publicly stating that human rights were relative to each nation, and that governments should not impose their definitions of human rights on one another. Hosokawa concentrated on economic, security, and military issues during his visit.

Tokyo is particularly concerned about China's rapidly growing military budget, its force modernization program, and new military doctrine emphasizing rapid deployment and peripheral defense. The People's Liberation Army (PLA) has received five consecutive years of double-digit budget increases and is buying a range of sophisticated weaponry from Russia. It is also building a blue water navy and modern air force, upgrading its nuclear weapons arsenal, and developing a force projection ability. All of this greatly concerns China's neighbors, especially since Beijing has shown a willingness to use force in the past and has a number of territorial claims in the region.

China's military modernization program is also of increasing concern to the United States, but Washington's China agenda remains dominated by human rights, trade, and political concerns. The United States wants to improve human rights in China, but its stance is shaped by the lingering ideological/political struggle of the cold war. China is seen by many American politicians and officials as a pariah state that should join the former communist parties of the former Soviet

bloc in the annals of history. Nonetheless, President Bill Clinton has opted for the policy of "constructive engagement" with China that had been fashioned by President George Bush. By extending most favored nation trading privileges to China, the Clinton administration has recognized that China is critical to key United States international security interests, while at the same time trying to balance deep American concerns over China's human rights record and political system.

For China's part, Beijing continues to cling to a myopic view of state sovereignty that mandates an exclusive position on "interference in internal affairs." Such a position in today's interdependent world is not viable. Beijing's foreign policy is also premised on its struggle against "power politics" and "hegemony."

Thus America hopes to change China domestically while China wants to change American behavior internationally. The struggle between the two has been intense for at least a decade, albeit subliminally, and it is not likely to end. The struggle does not command the attention of "high politics," yet it is very fundamental. It is deeply rooted in divergent worldviews, political systems, and national interests. Various American and Chinese politicians have been able to divert this fundamental divide in the interests of broader national concerns, yet the contradiction remains.

Japan's ties with China are, by contrast, more solid. The two governments watch each other's military capabilities warily and each is mindful of the legacy of the Second World War, but their commercial and cultural linkages are particularly strong. Trade and Japanese investment in China have shot up in recent years. Since the 1960s Japan has been China's largest trading partner. In fact, Japan trades more with China than with any other country except the United States. Bilateral Sino-Japanese trade increased from \$19.7 billion to nearly \$35 billion between 1989 and 1993. Japanese investment in China more than quintupled during the same period, from \$438 million to approximately \$2.5 billion. The dramatic increase in Japanese investment is particularly noteworthy, since Japanese businessmen have always been more willing to trade with than invest in China.

American trade and investment with China has undergone a similar increase in recent years, although the United States runs a much higher trade deficit with China than Japan does. The American trade deficit with China during 1993 was approximately \$25 billion—second only to its trade deficit with Tokyo. This has resulted in a toughened trade policy toward both countries by the Clinton administration, which in turn is spurring Beijing and Tokyo to resist American pressure.

The challenge that China poses to American-

<sup>3</sup>See Gerald Segal, "Confrontation Between China and Japan?" *World Policy Journal*, vol. 20, no. 2 (Summer 1993).

Japanese relations will be considerable in years to come. Before Tiananmen, Washington and Tokyo shared the same views and policies toward China, but since then they have diverged somewhat. The major division is over how to handle the human rights issue and, relatedly, how to press for political change in China. The Japanese prefer gradual modification and quiet diplomacy, while Washington seeks rapid progress and tends toward public diplomacy. On other issues—particularly military and economic—the two sides continue to maintain similar interests. There is little doubt, however, that coordinating China policy will be one of the principal challenges the United States and Japan will face in coming years.

Of course, the greatest concern about Chinese military modernization is expressed by Taiwan. Since 1993 military tensions across the Taiwan Strait have heated up as Taipei has sought to enhance its international standing and voices for independence on Taiwan have grown. Consequently, the Taiwan issue has commanded greater attention from Beijing. It has concomitantly moved up the Chinese military's agenda; the PLA Academy of Military Sciences and the National Defense University have simulated a naval blockade (probably submarine) of Taiwan. In September 1994 the PLA undertook large-scale joint service maneuvers off the coast of Zhejiang province, which is just north of Taiwan. Should the mainland be tempted to use force against Taiwan (as it has long maintained it will if there is any movement toward independence), Taiwan's forces could inflict heavy losses if not repel the attack. Taiwan's antisubmarine warfare capability appears sufficient to cope with a submarine blockade, and its new class of 4,200-ton frigates armed with Harpoon antiship missiles (recently purchased from the United States) could most likely break a surface blockade. Nonetheless, a naval blockade (whether submarine and/or surface) would undoubtedly undermine confidence on the island and among commercial shippers. (The Democratic Peoples' Party on Taiwan has recently softened its stance on independence to take account of this possibility.)

## THE REGIONAL CONTEXT

Future relations between Beijing, Moscow, Tokyo, and Washington will be shaped not only by bilateral considerations, but by the broader East Asian context. If these four powers enjoy amicable relations with one another the entire region will benefit. If they do not, a pacific Pacific Century will not be attainable.

A stabilizing factor is growing intraregional trade and capital flows. In 1991 trade within East Asia overtook East Asia's trade with the rest of the world. The American market is no longer as important to

Asian traders, since many light industrial goods can be marketed within the region. Intraregional aid programs have also increased. For example, 65 percent of Japan's foreign aid program—the largest in the world—is spent in Asia, and 20 percent of that is devoted to China. And, the emergence of "Greater China" has sharply increased intraregional investment.<sup>4</sup> Hong Kong's and Taiwan's investments on the Chinese mainland have soared since 1991, totaling roughly \$25 billion cumulatively in 1993. Vietnam and ASEAN are similarly attracting large amounts of investment from Japan, South Korea, and Taiwan.

Intraregional trade and investment may serve to stabilize and create interdependencies in the region, but the security situation is less settling. As was discussed earlier, virtually every nation in the Asia Pacific is building up and modernizing its armed forces. The introduction of sophisticated weaponry and the force modernization programs under way are especially worrying given the territorial disputes and general fears of a resurgent China and Japan.

One of the oldest territorial disputes in the region is Japan's quarrel with Russia over the Kurile Islands, which were occupied by Soviet troops at the end of World War II. Yeltsin's post-Soviet regime has shown little inclination to return the island chain to Japan; until this happens, tension between Tokyo and Moscow will persist. With the exception of India and Pakistan's longstanding dispute over Kashmir, all other significant territorial conflicts in Asia involve China.

China and Japan (and Taiwan) maintain conflicting claims to a series of rocky shoals (called the Senkaku Islands in Japanese and Diaoyutai Islands in Chinese) about 200 nautical miles north of Taiwan in the East China Sea. Potentially large oil reserves may lie beneath these uninhabitable islands. A rich petroleum basin is also thought to exist beneath the Spratly and Paracel Islands in the South China Sea. These islands are disputed by China, Taiwan, Vietnam, the Philippines, Malaysia, Indonesia, and Brunei. China occupies the majority of the islands and has recently reinforced its military presence on them. Beijing's assertive claims to desolate islands 800 nautical miles from its coastline have caused deep concern throughout Southeast Asia. The Chinese government has offered to resolve the disputes through negotiation, but it continues to rigidly adhere to its claims.

## COOPERATIVE SECURITY IN ASIA?

Asians are aware of the potential for military conflict in the region. They are also paying increased attention to unconventional security threats in the Asia Pacific: piracy and smuggling; refugees; environmental degradation (especially acid rain) and depletion of strategic resources; drug trafficking; nuclear proliferation; and terrorism. To address the conventional and unconventional threats to regional security, numerous "dia-

<sup>4</sup>See David Shambaugh, ed., *Greater China: The Next Superpower?* (Oxford: Oxford University Press, 1994).



logues" have been initiated over the last few years. These have taken place at both the governmental and nongovernmental levels (although the vast majority fall in the latter category), and are either bilateral or multilateral.

The most important multilateral channels are the ASEAN Post-Ministerial Conference (PMC), the ASEAN Ministerial Meetings (AMM), the ASEAN Regional Forum (ARF), and the Asia Pacific Economic Cooperation (APEC) organization. The annual APEC summit is attended by member heads of state, and although economics is the organization's *raison d'être*, security and political matters are also discussed. Security issues are also on the agenda of the annual ASEAN summit and the important series of postsummit meetings. The PMC, AMM, and ARF bring together foreign ministers, but from different countries. For example, neither Russia nor China are "dialogue partners" of the PMC, although they do attend AMM meetings as guests. Potentially the most important multilateral forum is ARF. Established in 1993, ARF's discussions focus on regional security issues. ARF meetings are held every year in conjunction with the AMM and ASEAN-PMC meetings. However, in two years of meetings (which only last for one day and are reportedly consumed by pleasantries and procedural matters) nothing of substance has been established. It has been difficult for ARF members even to agree on an agenda of what constitutes regional security "problems" that should be addressed multilaterally. For example, China is proving a stubborn player because it refuses to discuss either the Taiwan or South China Sea problems or its own military; Beijing claims these are "internal affairs."<sup>5</sup> China also refuses to allow Taiwan's participation in the forum.

Bilateral security dialogues also take place between governments in the region. For example, Chinese Foreign Ministry and PLA officers meet annually with their counterparts in Japan, South Korea, Russia, and the United States. The United States has the most wide-ranging series of bilateral security exchanges in the region, concomitant with its multiple alliances and security pacts.

Regional security dialogues have proved to be an important channel of communication, even though little of significance has resulted to date. They are especially important for articulating perceptions, voicing concerns, seeking clarification, and building confidence.

Three issues will be of key importance in such dialogues in the years to come. First, there is a need to improve military transparency concerning defense budgets and military expenditures; force structures and

order-of-battle; defense doctrines; arsenals; and deployments. This especially applies to China, whose military establishment is extremely opaque. China's intentions and capabilities require clarification. Second, there is a need to discuss national arms procurement policies, force modernization programs, and foreign weapons purchases. Regional militaries may indeed require modernization, but the process has set the stage for an arms race. If a classic action-reaction spiral is to be avoided, force procurements must be discussed multilaterally and external suppliers must show restraint. Third, territorial disputes must be opened to multilateral discussion and resolution.

Having initiated regional security dialogues at the governmental and nongovernmental levels, the future task will be to improve the substantive interaction. The dialogues reduce misperception, improve understanding, and institute confidence-building and security measures. In so doing they enhance regional security and provide a forum where serious disputes can be resolved. But to be successful, all nations in the region must be represented at the table (including Taiwan, North Korea, and Myanmar) and all regional security issues must be open for discussion.

Ultimately the goal should be the creation of an Asian version of the Conference on Security and Cooperation in Europe (CSCE), or even an institutionalized regional collective security regime. Since the collapse of the system set up at the 1922 Washington Naval Conference, Asia has not had a regionwide collective security regime. Several have been proposed and tried, but none have taken root. Those imposed by external powers—such as the United States-sponsored Southeast Asia Treaty Organization—have been limited in their scope or duration. Only the Five Power Defense Arrangement (which binds together Malaysia, Singapore, Great Britain, Australia, and New Zealand) has demonstrated endurance. To be sure, the bilateral security treaties the United States maintains with Japan, South Korea, the Philippines, Thailand, Australia, and New Zealand have survived the cold war. The United States is also committed to maintaining 100,000 forward-positioned troops in East Asia for the foreseeable future, backed by the Seventh Fleet and further deployments in Guam, Hawaii, and California.

If a regional security regime is to evolve in Asia, it will have to do so indigenously. It will also have to take into account United States national security interests and commitments in the region. One model may be to build on ASEAN and the South Asian Association for Regional Cooperation. Both possess shared security components, although neither is a mutual defense pact *per se*. If the countries of Northeast Asia could form an equivalent body, there may exist the potential to integrate the three subregional organizations. Regional

<sup>5</sup>See Banning Garrett and Bonnie Glaser, "Multilateral Security in the Asia-Pacific Region and its Impact on Chinese Interests: Views from Beijing," *Contemporary Southeast Asia*, vol. 16, no. 1 (June 1994).

security cooperation and regime building will be one of the pressing requirements and challenges of the Pacific Century.

## A PACIFIC CENTURY?

The Asia Pacific embarks on the Pacific Century at peace. Will it last? If history is any guide, the chances are poor. Several potential sources of instability and threats to regional security exist.

Rapidly growing economies produce interstate competition and trade frictions. The dumping of inferior goods on regional export markets has already become a problem. Illegal movement of capital and shady investment chains are increasingly frequent. So too are smuggling and piracy.

Rapid growth also stimulates domestic social dislocations that may spill over borders. In recent years East Asia has had to cope with refugees from Vietnam, Cambodia, and East Timor. However, the region should brace itself for an exodus—the likes of which the world has never seen—from China. By the government's own admission, China today has 105 million transients moving about the country (other estimates run as high as 150 to 170 million!). This “floating population” could easily begin to migrate beyond China's shores. Taiwanese officials already report a greatly increased flow across the strait. Should China, as some predict, convulse in civil conflict after the death of Deng Xiaoping, Asia would be confronted with a major refugee crisis.

Growing economies contribute to increased military power. The rapidly developing capacities of regional militaries are about to trigger an expensive and explosive regional arms race. Asia is a region where governments have shown a propensity to use force to solve

political problems; with modern militaries the temptations will increase.

Rapidly growing economies and military establishments will inevitably shift the regional balance of power. The main catalyst for a reconfigured balance will be China's growing power. Japan does not seek to be a dominant regional power, but China does. China's growing strength will likely stimulate an informal alignment of offshore nations to contain continental Chinese power.

Historical rivalries and animosities may reemerge during the Pacific Century. Both China and Korea harbor great resentment toward Japan resulting from invasion and occupation, colonization, and war atrocities. India and Vietnam are still smarting from the bloody noses inflicted by China in 1962 and 1979 respectively. The civil wars that resulted in a divided Korea and China/Taiwan have yet to be resolved. And India and Pakistan will probably be rivals forever.

Finally, territorial disputes and the need for strategic resources could prove a catalyst for conflict in the not-so-distant future. Some of these disputes result from artificially drawn colonial boundaries, but others derive from national aspirations and the thirst for resources and monetary gain.

Thus, while the Asia Pacific region is in an unprecedentedly peaceful state, it is by no means certain that this state is sustainable. The Asia Pacific is a dynamic region, but such dynamism can be the source of instability. For the Pacific Century to be pacific, regional security mechanisms must be substantially strengthened and the United States must maintain its military commitments to the region. Even if these conditions do obtain, Asia is likely to experience as much conflict in the next century as it has in this one. ■

"No Southeast Asian state has yet made the transition to the sustainable management of its forests. . . A combination of consumer discrimination against tropical forest products that are unsustainably harvested and international cooperation to support forest conservation is needed to save much of what is left of the forest wealth of Southeast Asia."

## The Environmental Hazards of Asia Pacific Development: The Southeast Asian Rainforests

BY GARETH PORTER

The Asia-Pacific region is now paying the price for decades of rapid economic growth that has seen little or no concern for the environment. Countries throughout the region face severe environmental problems: land degradation, declining groundwater levels, pesticide contamination of water and soil, depletion of marine fish stocks, urban air pollution, and water pollution by industrial and residential wastes.

China's uncontrolled economic boom has generated some of the worst environmental problems. Shanghai has what is considered the most polluted flowing water in the world: in the summer months, rivers contain more municipal waste than water, which has led to seasonal epidemics of hepatitis. Beijing has air pollution levels 5 to 17 times higher than Tokyo for particulate matter and 3 to 6 times higher for sulfur dioxide. Contamination from coal mining and metallurgical wastes has destroyed 5 percent of eastern China's productive lowland soils.

But the most urgent environmental problem in the region—and the world—is the loss of Southeast Asia's tropical rainforests. These forests are home to a significant part of the world's biological diversity. Indonesia, which has 10 percent of the world's rainforests, is the earth's second most important "megadiversity" country, with about 11 percent of all plant species, 12 percent of all mammals, and 17 percent of all birds worldwide.

In the 1950s and early 1960s, most of Southeast Asia was covered by lush forest. Seventy percent of

Cambodia, Laos, and Indonesia was under forest cover at the beginning of the 1960s; only Vietnam and the Philippines had less than 50 percent. But by the early 1990s, the region's forests had been largely destroyed. Only 15 percent of Thailand's forest remained; the Philippines had between 14 and 20 percent, and Vietnam only 16 to 19 percent. Cambodia had an estimated 38 percent of its land under forest cover in 1992, Laos between 28 and 34 percent, and Myanmar 30 to 33 percent.

Malaysia, with 47 percent of its land area still forest, was warned in 1990 that Sarawak, its last major natural forest region, would have logged all its primary forests within 11 years at its then current rate of deforestation. Indonesia still has 54 percent of its land under forest cover, but is losing an estimated 1.3 million hectares of forest annually; a large proportion of its remaining 100 million hectares of forest has been seriously degraded.

### FIXING THE BLAME

Shifting agriculture—continuous farming at one site for only a few years before moving on to a new site—has often been blamed by forestry officials for most of the deforestation. Careful studies by scholars, however, have shown that shifting agriculture has seldom destroyed or degraded the forests when carried out by traditional communities. The danger arises when logging or other development projects are introduced into the forests, or when the population grows too large in forested areas. Shifting agriculturalists are then confined to an area too small to permit adequate fallow periods, and the forests cannot regenerate.

In several Southeast Asian countries, lowland population pressures—exacerbated in some cases by the maldistribution of land—have altered the delicate ecological balance that existed for generations in the uplands between ethnic minorities and the forests. In

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northeast, east, and central Thailand, the main cause of deforestation has been the conversion of upland forest land to agriculture for commercial and subsistence production. In the Philippines ethnic minorities practicing true shifting cultivation now constitute less than half the population of the upland forest zone. Most of the damage there has been caused by relatively recent settlers, primarily from the lowlands, who bring with them technologies inappropriate for upland agriculture—in particular the plow.

In Indonesia, the World Bank estimates that massive transmigration from densely populated Java to the more thinly populated outer islands, where the country's tropical forests are located, is responsible for about 30 percent of the country's deforestation. The transmigrants settle either in or near forests; after they try to convert the forest land to annual food crops that are inappropriate for the soils, they frequently cut down more forests to try the process all over again.

The main force driving deforestation in Southeast Asia, however, has been commercial logging. Intensive commercial exploitation of the region's forests began in the 1960s, mainly because of increased international demand for tropical timber. In the Philippines, commercial logging accelerated rapidly in response to a sudden increase in Japanese demand for tropical wood. In Indonesia, large-scale concessions (ranging in size from 100,000 to 1.5 million hectares) were assigned to logging companies for the first time in 1967. And Thailand accelerated deforestation from logging by dividing nearly half its forest area into more than 500 timber concessions in 1968.

Logging contributes to deforestation in many indirect ways: logging jobs lure settlers, logging roads open up the forest to smallholders, and logging companies' assistance encourages thousands of land-hungry farmers to clear logged-over land. Unsustainable commercial logging, however, directly destroys a significant part of the region's forests as well. None of the countries in the region practice sustainable logging, which is defined as logging that can be maintained indefinitely without destroying an area's biodiversity or ecosystem. In Malaysia's Sarawak, the maximum rate of sustainable logging was estimated in 1990 by the International Tropical Timber Organization (ITTO) at 6.5 million cubic meters of timber per year. But the actual rate of harvesting in Sarawak in 1990 increased to 18.8 million cubic meters per year. The ITTO found that what has been called "selective logging" in Sarawak is in fact highly destructive, with bulldozers and skidders destroying about 40 percent of the area logged.

The World Bank has estimated the maximum sustainable cut for timber in Indonesia at about 22 million cubic meters per year, whereas the government claims that it is 31 million cubic meters per year. Nongovernmental specialists in Indonesia estimate that the actual

rate of logging has been about 44 million cubic meters of timber per year. Moreover, the government has allowed sawmills to be built that have a capacity of about 52 million cubic meters per year, indicating that it plans to increase the allowable cut in the future. Logging practices in Indonesia damage an average of 50 percent of the forest area logged.

While Indonesian forestry officials claim that commercial logging accounts for only 10 percent of annual deforestation, the actual figure may be at least twice that, based on independent judgments of the sustainable rate of cutting and the actual cut. Moreover, if the estimated 70,000 to 100,000 hectares of forest lost in forest fires is also attributable to destructive logging, logging could account directly for more than 25 percent of Indonesia's annual deforestation. Combined with its indirect impact on forests, commercial logging may account for as much as 75 percent of Indonesia's forest loss.

In the Philippines forestry specialists believe logging concessionaires are destroying an average of 30 percent of the forest area that is being logged. The annual "allowable cut" in 1986 was 8.3 million cubic meters; a government task force found that this rate would exhaust the country's commercial timber resources within a decade.

In Vietnam and Laos, state production targets have been set without regard to sustainability. In both countries logging has been carried out by the state rather than the private sector, but there has been relatively little central government oversight. The Vietnamese central government directly controls only 1.4 million hectares of forests—about a third of the country's remaining forest cover—whereas some 300 provincial forestry enterprises carry out logging on the rest. Similarly, 72 percent of all forest production in Laos is carried out at the provincial level and thus beyond direct central government control.

Cambodia and Papua New Guinea have little or no capacity to monitor commercial logging and have turned their logging concessions over to foreign companies—Cambodia to companies from France, Thailand, and Indonesia, and Papua New Guinea to Japanese, Korean, Malaysian, and Indonesian companies.

Log and timber product exports have played a large role in the history of deforestation in the region. The Philippines exported (mainly to Japan) between 69 percent and 83 percent of its timber harvest at the height of its log export boom from 1962 to 1972. Then the Japanese moved on to Indonesia and Malaysia as their main sources of raw logs. Malaysia increased the percentage of its log production for export from 44 percent in 1975 to 60 percent in the early 1980s. It is now the world's largest exporter of raw logs, with 58 percent of the world market.

Indonesia, the world's largest exporter of plywood (with 40 percent of the world market), exports almost



half its annual production of 26.5 million cubic meters of raw logs in the form of processed wood products. Papua New Guinea now exports more than 90 percent of its log production, accounting for approximately 60 percent of its annual deforestation.

For the mainland Southeast Asian states, timber exports have been driven largely by Thailand, and in the case of Myanmar and Cambodia, have been linked with domestic armed and political conflict. Exports of Burmese teak have been important to the survival of Myanmar's military government, the State Law and Order Restoration Council; they provide part of the financial resources needed to buy sophisticated arms from China and other countries while helping to obtain the political-diplomatic support of Thailand. Officially acknowledged log exports accounted for about one-third of Myanmar's total export earnings in 1990–1992 and account for most of the timber harvested in the country.

In Cambodia, both the incumbent regime and the Khmer Rouge have exported timber to obtain financial resources and Thailand's diplomatic support. In 1992 the Khmer Rouge awarded a total of 15 concessions to Thai companies to extract up to 15 million cubic meters of timber from areas the Khmer Rouge control over periods of 3 to 5 years. The total volume of timber exports agreed to by the Khmer Rouge and the three other factions that make up the new Cambodian government are about 3.7 million cubic meters per year; combined with illegal exports, the estimated total of exported logs is 4.2 million cubic meters annually—this from a country whose sustainable level of timber extraction is generously estimated by the United Nations Development Program at about 250,000 cubic meters per year.

For Laos timber exports appear to have played a secondary role in deforestation up to the late 1980s. The official figure for log exports in 1986–1987 was about 10 to 15 percent of log production. But government and World Bank figures suggest that since 1989, most of the country's log production is now being exported, either legally or illegally, in response to Thailand's suddenly increased demand for raw wood.

### PROFITABLE CONCESSIONS

Logging concession systems in Southeast Asia have contributed to the exploitation of forest resources by making logging a source of windfall profits. The concessions allocated by Indonesia, the Philippines, and the government of Malaysia's Sarawak state have enriched the families of top officials or their political and business associates. In Indonesia, most timber concessionaires are Chinese businessmen who must remain close allies of President Suharto to ensure that their interests are protected; they extract windfall profits from logging in return for contributions to business and political projects associated with Suharto

and his family. The major logging concessionaires are considered the most influential figures in the making of Indonesian forestry policy.

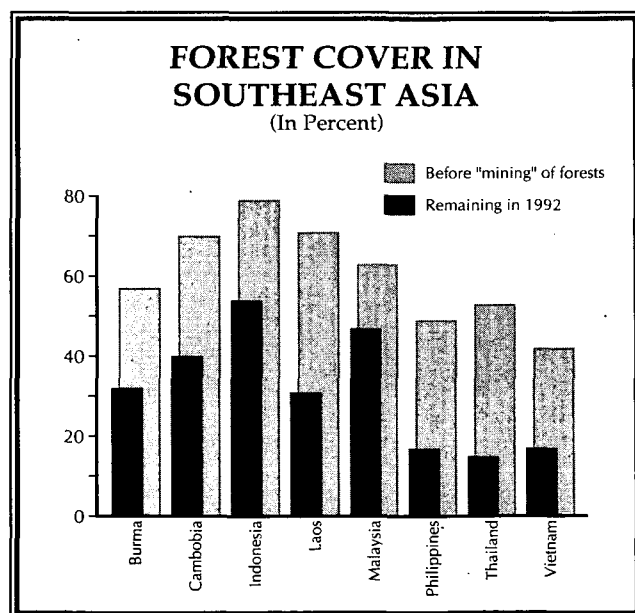
In the case of Sarawak, where timber concessions are the state's main source of wealth, the concessions are all owned by the political allies and relatives of the most powerful political figures in the state. In Papua New Guinea, foreign timber companies from Korea, Indonesia, and Malaysia bribe prime ministers and forestry ministers to obtain lucrative logging concessions.

Indonesia, Thailand, and the Philippines have traditionally granted logging concessions that are far shorter than the tropical forest's growing cycle of 50 to 70 years. Thus concessionaires have had no financial incentive for sustainable forest management. And governments' ridiculously low "stumpage fees"—charges to logging concessionaires for the use of public lands for logging operations—have subsidized damaging logging and provided incentives for wasteful practices. Low fees have also encouraged logging firms to accumulate far more concessions than they could hope to manage efficiently. As recently as 1989, the Indonesian government's share of the economic "rents," or unearned profits, from using public land for logging was estimated at only 8 percent. Under pressure from the World Bank, the government increased its share to 22 percent of the rents in 1993.

### THE PRICE AND PROMISES OF REFORM

Virtually every Southeast Asian country has suffered human losses as a result of rampant deforestation. In the last six years alone, flash floods and mudslides in deforested areas have killed thousands of people and left thousands of others homeless.

Deforestation has also harmed the soil, climate, and hydrological systems of Southeast Asia. In Vietnam, for



example, topsoil lost to runoff because of deforestation is estimated at 1,000 tons per hectare per year. And Vietnam's major rivers in the north and in the central highlands have lost much of their rate of flow during the dry season—a particularly serious problem for Vietnam, which counts heavily on hydropower to meet its long-term energy needs. In many districts streams have dried up, and residents have had to dig deeper underground wells to obtain drinking water. In northwestern Luzon in the Philippines, deforestation reduced rainfall and affected both the quantity and quality of crops. The volume of water for industrial, recreational, and domestic uses in watersheds has been reduced by the loss of Philippine forests. Siltation of dams and irrigation systems and poor fishing harvests throughout Southeast Asia have been caused by deforestation of watersheds.

Most Southeast Asian governments, under national and/or international pressures to stem forest loss, have adopted some restrictions on logging and/or log exports. Thailand adopted a log export ban as early as 1977, and was also the first to ban logging nationwide after mudslides in 1988 in southern Thailand killed hundreds of people. Initially affecting only 12 southern provinces, the ban was extended to the entire country in January 1989. Logging approved before the ban or connected with construction of roads, dams, or other development projects was allowed; and illegal logging, sometimes involving the military, is still destroying an estimated 55,000 hectares of forest annually. The ban reduced the rate of deforestation in Thailand, but Thai logging companies merely turned instead to neighboring countries, and politically influential Thai military officers and civilians moved quickly to make deals with counterparts in Myanmar, Cambodia, and Laos.

Indonesia adopted a log export ban in 1980 that was to be phased in over five years. The ban was intended not to conserve forests but to spur the development of a forest products industry for export and the domestic market. The Indonesian log export ban also provided a high level of trade protection to the country's wood-processing industry, which has been able to purchase logs at lower prices than its competitors in the world market. This protection has removed external pressure for efficient production. As a result Indonesia's timber products industry is highly wasteful: one-fourth of the wood cut is lost at the mill.

The Philippines banned the export of raw logs in 1986 after log exports had already declined to less than 20 percent of the peak level of 1971, and it banned exports of sawn timber in mid-1989. In 1989 logging was banned in all provinces with less than 40 percent tree cover (which included 65 of 73 provinces). The ban has not been enforced, and the government now estimates that 25 percent of all logging is illegal. In 1991 the Department of Environment and Natural Resources issued an administrative order banning

logging in "virgin forests," but the restriction had little practical effect, since few forests are totally undisturbed by humans.

Vietnam banned log exports in 1991 and then announced a ban on all timber exports in 1992, although it does not apply to the Ministry of Agriculture and Forestry, which continues to export timber. The ban did not affect logs that are imported from Cambodia for transshipment to Thailand. Laos introduced a temporary ban on all logging in August 1991, saying the step was necessary because illegal logging had reached unacceptable levels. In 1992, however, the Laotian government ended the ban and awarded logging concessions to several foreign firms, including some from Thailand.

Cambodia's new government adopted a "moratorium" on log exports in September 1992. The log export ban went into effect January 1, 1993, and was enforced by the United Nations Transitional Authority in Cambodia. But it did not cover logs processed by Cambodian sawmills, which suddenly sprang up after the moratorium, particularly along the Thai border area. Myanmar adopted an official countrywide logging ban in 1988 after a series of flood disasters, but then entered into commercial contracts with Thai loggers. The fate of both the Cambodian and Burmese forests thus continues to depend on business links between the Thai political-military elite and those in neighboring Cambodia and Myanmar.

Malaysia banned log exports from peninsular Malaysia in 1985 in order to preserve what remained of its forest cover, but logging had already shifted to Sarawak and the state of Sabah. In 1993 Sabah, threatened with the depletion of its timber resources within a few years, carried out a temporary ban on log exports, mainly to conserve enough logs to service the state's growing timber-processing industry. The ban will somewhat reduce the rate of logging in Sabah. That leaves Sarawak as the only source of raw logs for export from Malaysia.

## PLANNING NATURE

Most Southeast Asian governments, with the help of bilateral and multilateral development agencies, have formulated their own "National Forestry Action Plans" (NFAPs). These plans have been drawn up in conjunction with the Tropical Forestry Action Plan (TFAP), an effort to coordinate multilateral and bilateral assistance for forestry that began in 1985. The TFAP was widely criticized by environmentalists for putting commercial exploitation of forests above forest conservation and for failing to give nongovernmental organizations and communities affected by the plan adequate opportunity to participate in their formulation; they also charged that it failed to slow the rate of deforestation.

A common denominator of the region's forestry plans is that they do not phase out commercial logging, nor do they describe how it will be made sustainable.

Most call for heavier reliance on reforestation and tree plantations in the future, which will pose more acute conflicts between commercial exploitation of forest or plantation land and the interests of existing forest dwellers.

The Indonesian Forestry Action Plan, funded by the World Bank and assisted by the United Nations Food and Agriculture Organization, proposes few changes in the existing system of forest management. It calls for the continued logging of much of Indonesia's forests on the basis of optimistic assumptions about increasing timber yields while making logging more sustainable.

Indonesia hopes to become the world's largest producer of pulp, paper, and rayon by 2000; it plans to build 56 large pulp and paper mills that would consume 25.8 million cubic meters of timber by 2030. The plan calls for "massive development of industrial pulpwood plantations," projecting the conversion of 4.4 million hectares of unproductive forest lands into industrial wood plantations by the year 2000. But the plan's projections of plantation production appear to be wildly optimistic, raising the danger that the needs of the pulp and paper industries will be met by high rates of natural forest destruction. Moreover, government programs to encourage timber plantations give concessionaires strong financial incentives to get approval for clearing old-growth forests in order to establish timber plantations on them.

The Philippine forestry action plan, first drafted in 1989, would permit the cutting of up to 30 percent of the country's remaining hardwood forests, which would extend logging well beyond existing concession areas. It plans to reduce illegal logging by relying on concessionaires rather than building the capacity for government enforcement.

Thailand's "Forestry Master Plan" is based on its 1985 National Forestry Policy, which emphasized the promotion of tree plantations to serve the Japanese market for wood chips, paper, and pulp. This policy called for cutting down half the forests that remained at the time and resulted in a huge increase in fast-growing eucalyptus plantations: from 136,000 hectares to 1.1 million hectares in 1989. These plantations replaced

family farmland, communal forests, and grazing land, and depleted the soil and monopolized water resources. A draft of the national forestry plan that was completed in 1992 called for the resumption of logging and the conversion of 3.5 million hectares of deforested land to "forestry leaseholds." These would be allocated to villagers currently occupying the land, but could be transferred to commercial tree plantations.

The Vietnamese NFAP would slightly expand "protection forests" (forests on steep slopes and in other areas requiring permanent vegetation) from 5.7 million hectares to 6 million hectares and establish 500,000 hectares of industrial tree plantations. But it also would increase exports of forest products to \$400 million annually. The Laotian plan establishes an allowable timber cut of 280,000 cubic meters annually, which is considered by some forestry specialists to be as much as 50 percent higher than actual sustainable yield. The government has since raised the allowable cut by more than 30 percent above that level. Papua New Guinea's Tropical Forestry Action Plan actually called for an increase in the annual cut from about 2 million cubic meters to 3.6 million cubic meters. That limit, too, was then ignored when the government raised log export volume to 6.4 million cubic meters in 1993.

### FINDING A SUSTAINABLE COURSE

No Southeast Asian state has yet made the transition to the sustainable management of its forests. As has been seen, commercial logging, primarily for export, has been the most important driving force in destroying the region's rainforests. Logging concession systems allocating access to the forests to family, business, and political allies of ruling elites have exacerbated the mining of the forests that began with the emergence of a new global market for tropical timber in the 1960s. And timber resources have served as financial and political assets for regimes and insurgent forces locked in political-military conflict. A combination of consumer discrimination against tropical forest products that are unsustainably harvested and international cooperation to support forest conservation is needed to save much of what is left of the forest wealth of Southeast Asia. ■



"Have the extent, speed, and consequences of Asia Pacific economic growth made it... the most important global development in the second half of the twentieth century?... Karl Marx, Theodore Roosevelt, and Yasuhiro Nakasone are among the many who predicted a Pacific era. Can... a German philosopher, an American president, and a Japanese prime minister all be wrong? Yes, they can."

## Organizing the Rim: Asia Pacific Regionalism

BY DONALD K. EMMERSON

So extensive and rapid has been the growth of the [Asia Pacific] region and so profound its consequences, that it has been described aptly as the most important global development in the second half of the twentieth century. —Pacific Business Forum (1994)

The [European] Community we have created is not an end in itself. . . [but] only a stage on the way to the organized world of tomorrow. —Jean Monnet, *Memoires* (1976)

Whether or not we stand on the threshold of a "Pacific Century" depends in part on what that notoriously ambiguous term means. The global significance of the vast, populous, and relatively booming Pacific Rim is already beyond dispute. But the idea of a Pacific era implies more. It suggests that over the coming hundred years, the Asia Pacific will be more significant than any other region. (The name "Asia Pacific" sounds odd in English, but in Asia it is winning out over "Asian Pacific" and "Pacific Asia," which seem to exclude the other non-Asian, Pacific coastal countries of the Americas, and over "Pacific Rim," which does not mention Asia at all.)

Whether the Asia Pacific will become the most important region in the world—important enough to dominate perceptions of an entire century—will depend on the efforts to give shape not only to that region but to others as well, including the "Atlantic Rim" and the corresponding "Europe Atlantic" that could—who knows?—animate a coming "Atlantic Century."

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\*The Group of 77 actually gathers more than a hundred of the developing countries in the United Nations Conference on Trade and Development, while America, Britain, Canada, France, Germany, Italy, and Japan make up the Group of 7.

### REGIONALISM'S NEW SHAPE

For help in thinking about world regions and how they form, one need look no farther than the bottom row of keys on a touch-tone phone: \* O #.

The pound sign (#) symbolizes the great divides that until recently organized global politics. The two vertically slanting lines evoke the cold war face-off of West against East: the North Atlantic Treaty Organization versus the Warsaw Pact. The horizontal lines recall the effort by the poor countries of the South to organize against and demand concessions from the higher-income North: the Nonaligned Movement versus the industrial countries grouped in the Organization for Economic Cooperation and Development (or, alternatively, the Group of 77 versus the Group of 7).<sup>\*</sup> But such diverse and dispersed coalitions cannot be called regions; West, East, South, and North are not the names of neighborhoods.

If the pound sign represents the past, the asterisk (\*) offers a future shape in which world regions could intersect—namely, as spokes around the hub of the sole remaining superpower, the United States.

The elements of a possible asterisk-like pattern of United States-centered regionalization in the twenty-first century are in place or are taking shape in the world economy. A North American Free Trade Agreement (NAFTA) already links America to Canada and Mexico. And it appears that the Summit of the Americas, which is scheduled to be convened in Miami by President Bill Clinton this December, could endorse the eventual creation of a Hemispheric Free Trade Area. Implementing an HFTA will not be easy. But the "Miami process," as it is being called in Washington, could focus policy attention on the long-term goal of a free trade zone running from Arctic Canada through near-Antarctic Chile.

Like the north-south height of an HFTA, the east-west arms of this still fanciful body are intriguing but problematic. The European Union already forms the potential end of an eastern spoke, but it does not



connect to the American hub. Since 1993 former British Prime Minister Margaret Thatcher has sought backing for a North Atlantic Free Trade Area (what might be dubbed a NATLAFTA) that would link Western Europe to the United States in a Euro-American common market. Despite some American support, notably from labor unions feeling a tactical need to propose an alternative to NAFTA, nothing has come of her suggestion. But the goal of Euro-American free trade will not go away. The more economic regions proliferate and consolidate, the more the Atlantic "gap" will seem like unfinished business, especially in the eyes of east coast Americans and west coast Europeans concerned over the growing Asian bias of the American economy. (According to the State Department, Americans now trade nearly two-thirds as much with Asia as they do with Europe.)

A NATLAFTA was to be discussed at the First International Congress on the Atlantic Rim this November in Boston. Among the meeting's sponsors were mayors of cities on both sides of the North Atlantic, including port cities with a lot to gain from their location on this potential eastward arm of an asterisk of United States-centered free-trade regions. American Atlanticists and their European counterparts appear to have coined the term "Atlantic Rim" expressly to offset and copy the popularity of the Pacific Rim. While acknowledging the importance of Asia, congress organizer James Barron has said that "North Americans should not forget the opportunities that lie in an Atlantic community."

Boosters of Pacific trade, meanwhile, are also pressing ahead. Indonesia was scheduled to host a ministerial meeting of the Asia Pacific Economic Cooperation (APEC) forum in Jakarta on November 11 and 12. Three days later President Clinton and 17 other leaders from around the Pacific Rim were to attend the second informal APEC summit in Bogor, West Java. APEC is explicitly pan-Pacific. In Indonesia, Chile was expected to join Canada, Mexico, and the United States as APEC's fourth member from the Western Hemisphere.

Compared with the still unlikely prospect of a trans-Atlantic free trade area, the chances of a trans-Pacific one seem only slightly more realistic. True, in Indonesia the leaders of APEC were scheduled to consider making the year 2020 the deadline for achieving free trade in the Asia Pacific. But even if APEC's leaders agree to set a date for free trade, one can anticipate a lot of foot-dragging in the process of implementation, given the reluctance of the more protected and less productive Asian economies to expose themselves fully to the goods and services of industrial powerhouses such as the United States (ranked as the world's most competitive economy by the World Economic Forum in 1994). The sheer diversity of the Pacific Rim also promises to slow progress toward free trade. So does the opposition of some labor unions and human rights activists in the

United States to unconditional commerce with societies such as China and Indonesia, where cheap labor is abundant and democracy scarce.

## OTHER REGIONS, OTHER HUBS

Another obstacle to a future world economy in the shape of regional spokes radiating from an American hub is that other countries and regions may aspire to become hubs in their own right. The two main candidates for such a role are Western Europe and Japan.

Western Europe, through initiatives such as the European Bank for Reconstruction and Development, has begun to involve itself in a prospective economic zone reaching eastward into the former Soviet Union. This October the European Commission of the European Union proposed a regional economic and security pact that would incorporate the countries of North Africa and the Middle East. If implemented, the scheme would create a free trade zone of some 800 million people living in as many as 40 countries. EU leaders planned to discuss the idea at their own summit in Essen, Germany, in early December. As if not to be outdone by the possibility that the APEC summit in Indonesia would propose free trade in the Asia Pacific by the year 2020, the European Commission hoped the summit in Germany would aim for free trade around the Mediterranean Rim ten years earlier, in 2010.

The regional trade summitry of this November and December will thus likely highlight the region-organizing initiatives of two powerful would-be hubs: the United States trying to accelerate trade liberalization within APEC and driving in Miami toward hemispheric free commerce, and the EU in Essen seeking its own eastern and southern trade spokes.

But the process of region-formation cannot be reduced to a simple story of large and powerful cores organizing their peripheries. Such an oversimplification is particularly unwarranted in the Asia Pacific, where vast distances, heterogeneous populations, proud nationalisms, booming economies, and a history of conflict since World War II complicate the ability of the United States to lead the region even if it wanted to. And Japan, the logical alternative core, is still too preoccupied with its bilateral relations with the United States to play the role of regional organizer. Nor does the brutally hub-serving character of Tokyo's earlier device for the region—the Greater East Asia Co-Prosperty Sphere imposed during World War II—inspire confidence in a future asterisk centered on Japan.

Finally, the physical shape of the Pacific Rim makes it hard to organize into an asterisk. On a touch-tone phone, as in regionalization, the asterisk and the zero are opposites. The hub-and-spokes asterisk lacks a rim and magnifies the core. Because all roads lead to Rome,

Roman leaders can, in theory, divide and rule bilaterally. But the zero is nothing except a rim. On a map the Pacific-littoral countries are all circumference and no core. In the Asia Pacific the continental United States lacks the physical centrality it enjoys in North America or that Germany has in Europe. Geophysically, every member of the Pacific Rim is peripheral. (The Pacific island microstates south and west of Hawaii are negligible exceptions, economically and politically unimportant and easily bypassed by jet aircraft and satellite links.)

The vast zero that is the Pacific Rim could become a zone of contention between asterisks—one centered on the United States, one stemming from Japan, and perhaps someday a third led by China. So far, however, the region has sent two contrary signals about its future shape. In divided Northeast Asia, where powerful states with legacies of conflict are in close proximity, bilateralism is still the rule. A different situation prevails in Southeast Asia. There six countries with a solid record of cooperation offer a multilateral prototype for the economic and political organization of the larger region. Most of these Southeast Asian states are weaker than their Northeast Asian counterparts. But acting as a group, they have come to exercise far more influence over the shaping of the Pacific Rim than they could have separately.

## STRENGTH IN UNITY

In 1967, only 10 years after the Treaty of Rome founded the European Economic Community and more than 20 years before APEC and NAFTA, five developing countries—Indonesia, Malaysia, the Philippines, Singapore, and Thailand—established the Association of Southeast Asian Nations (ASEAN) (Brunei joined in 1984 and in 1994 steps were under way to extend membership to Vietnam within a year or two). ASEAN's record of facilitating peace and cooperation among its members, and thus the economic growth of nearly all of them, has made it the most successful regional organization of developing countries since World War II.

NAFTA and ASEAN differ greatly. The first is a binding contract specifically focused on trade; the second is a general, loose, multifunctional organization. While the text of NAFTA runs to well over 1,000 pages, it took but 16 for Southeast Asian leaders to establish an ASEAN Free Trade Area (AFTA). Yet both arrangements illustrate the interest of smaller countries with much larger neighbors in promoting regions that can help make those huge neighbors more benign and less unpredictable. The behemoths in North America and Southeast Asia are, of course, the United States and Indonesia. (Americans outnumber Canadians and Mexicans combined, as Indonesians do the five other populations inside ASEAN.)

NAFTA's forerunner and kernel, the 1988 Canada-

United States Free Trade Agreement, resulted more from Canadian than American initiative. NAFTA's own inception owed more to Mexico pressuring America than vice versa. And ASEAN's establishment in 1967 and expansion in 1984 reflected the desire of Malaysia and Singapore on the first occasion and Brunei on the second to make Indonesia promise to foster "good neighbourliness. . . among the countries of the region," and help "ensure their stability and security from external interference in any form or manifestation in order to preserve their national identities," to quote ASEAN's founding document. In the 1960s Indonesian President Sukarno had waged small-scale wars against Malaysia and Singapore and endorsed a rebellion in Brunei.

But if regionalization suits the desire of smaller actors to contain and tame a big neighbor in a framework within which they constitute a majority, it also can serve the wish of that same large neighbor to create for itself a sphere of support. A regional regime organized around one powerful country can take shape, flourish, or atrophy depending on how well it satisfies these two differing and potentially contradictory interests. So far ASEAN has done so and flourished. Another reason for ASEAN's success is that its largest and potentially most threatening member, Indonesia, is also the poorest and thus, economically, the weakest. Singapore, conversely, is rich but also tiny, which makes its wealth less worrisome to its neighbors.

Singapore needs Indonesian land and labor; Indonesia needs Singapore's capital. This is the surface rationale for what might be called the Regionally Industrializing Core (RIC) of investment and trade that has tied the Indonesian province of Riau to neighboring Singapore and Singapore to its own complementary northern neighbor, the Malaysian state of Johore. Singapore's deeper interest in this RIC is to so thoroughly entwine Indonesia and Malaysia in its own economic prosperity, and vice versa, as to preclude in the two larger countries any thought of attacking the smaller one. Farther north a more embryonic RIC would multiply connections between the ports of Medan in Indonesia, Penang in Malaysia, and Phuket in Thailand. In eastern Southeast Asia another such plan would join the economies of Indonesian North Sulawesi, Malaysian Sabah, and Philippine Mindanao.

No one knows quite what to call these new transnational formations. They have been termed "Natural Economic Territories," but many of them are artificial, political, and maritime—driven by governments across water, not land. Were it not for Singaporean policy, the RIC across the Strait of Singapore would not exist. The most common name for such schemes is "growth triangles." But some have more than three sides: the development area proposed for the part of northern Southeast Asia where Myanmar, China, Laos, and Thailand meet is a "growth square." The hypothetical

development zone around the Tumen River in Northeast Asia involves five countries, including current or former antagonists such as the two Koreas, whose enmity can be reduced through economic interdependence—or so this RIC's promoters hope.

Comparably, political logic helps to motivate, on the south coast of China, the most successful and dynamic RIC in East Asia. Here Hong Kong (and potentially Taiwan) plays Singapore's role in relation to its own large neighbor, China. Whether China will be constructively enlisted through trade and investment in the security of the small, rich economies on its periphery is, of course, a gamble not a certainty.

Compared with China, Japan too is small and rich. But given its vast size and power compared with Hong Kong, Japan can hardly play the latter's role as a gateway city peacefully energizing its neighbors. Japan is instead a candidate to become a—conceivably the—future hegemon of East Asia. Yet its power has been lopsidedly economic, and that has reduced Asian anxieties about the prospect of Japanese domination. The potential for rearmament that Japan's wealth represents has, however, helped legitimate in Asian eyes a security role for the United States as insurance against that prospect.

### SOUTHEAST ASIA AS MODEL

In this complex and multipolar setting ASEAN has been, in relation to Asia Pacific regionalism, reluctant, but at the same time inventive. Its reluctance stems from the fear that APEC could become a field for power projection by the United States. That concern led Malaysian Prime Minister Mahathir Mohamad in 1990 to announce an East Asian Economic Grouping that excluded the United States. But many in ASEAN clearly preferred the larger framework, APEC, where they could benefit from American trade and investment while playing the United States off against Japan and perhaps China.

In response to such criticism, Mahathir reduced his idea to an East Asian Economic Caucus (EAEC) safely inside APEC. But so long as Tokyo remains lukewarm to the concept it will not be realized. On the eve of the November APEC summit in Indonesia, Japan did not want to endanger further its already rocky relations with Washington by seeming to approve a move that could be interpreted as excluding the United States from East Asia.

In September ASEAN sped up the deadline for achieving AFTA from 2008 to 2003, well before the target dates for free trade that APEC or its Euro-Mediterranean counterpart might envisage. A major impetus behind AFTA is to create a large, attractive market better able to compete with other Asian countries, notably China, for foreign investment.

Most innovatively of all, ASEAN has taken the lead in extending Asia Pacific multilateralism into the realm of

security, a topic long considered too controversial to handle in anything but bilateral fashion. The first meeting of the ASEAN Regional Forum (ARF) in Bangkok in July 1994 accomplished nothing, but it included such a range of countries at loggerheads—China and Vietnam disputing the South China Sea, Russia and Japan the southern Kurile Islands, to cite two examples—that merely holding the event made it a success. Noteworthy too has been the series of multilateral “workshops” hosted by Indonesia to alleviate jurisdictional tensions over the Spratly Islands.

ASEAN will continue to play an important role in shaping the Asia Pacific. Singapore hosts the secretariats of APEC and the related Pacific Economic Cooperation Council. To mollify ASEAN's fears of being dominated by the United States, Japan, or China, APEC has agreed to hold every other one of its annual meetings in a Southeast Asian member country. Indonesia will host the next gathering of ARF. The existence of the EAEC as an implicit deterrent to American aggressiveness in pushing its free-trade goals too hard will also help to ensure that ASEAN, or at any rate Malaysia, remains a player in the region-forming game.

But the Asia Pacific will not become a fully organized region until Southeast Asia's penchant for multilateralism takes hold in Northeast Asia. It is there that the most intractable interstate disputes lie and there that the potential for interstate violence is highest. China's People's Liberation Army may smash democracy in Hong Kong when that colony reverts to Chinese control in 1997, or invade Taiwan if and when that country's leaders declare its independence from the mainland. Notwithstanding the framework agreement reached in 1994 by Washington with Pyongyang, North Korea could someday threaten the South with nuclear weapons. And because of their failure to resolve their dispute over the southern Kuriles, Japan and Russia still have not signed a peace treaty ending World War II.

There is no Association of Northeast Asian Nations that could lower these tensions. Compared with Southeast Asia, Northeast Asia is grossly underorganized. Until this imbalance is reduced, Asia Pacific regionalism—in the sense of multilateral action by neighbors to better themselves and become more secure—will remain fragile and incomplete.

### BEYOND BILATERALISM

In relation to the weakness of regionalism, United States policy is both part of the solution and part of the problem. While generally supporting ASEAN-based multilateralism, Mahathir's EAEC notably excepted, the United States has approached Northeast Asia bilaterally. Bilateral deals are pursued with Japan on economic access, with North Korea on nuclear fuel, with China on military cooperation or human rights. However effective the results of these negotiations may (or



may not) be, they impede the growth of a regional capacity to solve local problems.

For a giant such as the United States, the temptation is great to become the core of an asterisk—the one indispensable hub projecting its influence through bilateral spokes to other countries. But, as was noted, there are two other candidate hubs in the Asia Pacific: Japan and potentially China. Time and economic growth could someday add Russia to this list. Further raising the stakes of conflict if any one of these countries should seek hegemony is the fact that they face each other, across the Bering and Japan Seas and the Amur and Ussuri Rivers. Such close, tense quarters raise the risks of making asterisks.

Have the extent, speed, and consequences of Asia Pacific economic growth made it, as the Pacific Business Forum believes, “the most important global development in the second half of the twentieth century”? Will the coming hundred years add up to a

Pacific Century? Karl Marx, Theodore Roosevelt, and Yasuhiro Nakasone are among the many who predicted a Pacific era. Can Pacific Rim executives, a German philosopher, an American president, and a Japanese prime minister all be wrong?

Yes, they can. Surely the cold war, decolonization, and the collapse of communism are also in the running for “most important global development” of 1950–2000. And while the relative rise of the Pacific is unmistakable, the continuing significance of other regions may make a Global Century the safer prediction for the years beyond 2000. A more immediate question is whether the still fragile institutions and still nationalistic leaders of the Pacific Rim can cultivate the multilateral relations necessary to sustain a prospering “pacific” century of betterment and peace across this vast and crucial part of the world. A reasonable stance at the end of the twentieth century is to hope for such an outcome without believing it to be inevitable. ■

## BOOK REVIEWS

### ON ASIA

**China and Southeast Asia:**

**Into the Twentieth Century**

*Edited by Richard L. Grant. Washington: CSIS Books, 1993. 66 pp., \$9.95.*

While China's growing economic power and unrepentant Communist leadership have concentrated the minds of many in the West—especially globalists who have been casting about for a new enemy to condemn, contain, and confront—the regional implications have largely escaped notice. With its ruminations on the political, economic, and security issues an ascendant China engenders in Southeast Asia, this short collection of papers brings attention to the area that has historically been the target of Chinese influence and domination. Two pieces stand out: Jonathan Pollack's exploration (however verbally opaque) of the security dimension and the need to enmesh China in a nexus of accords, and Robert Scalapino's stimulating tour of the political and economic issues the region faces.

William W. Finan, Jr.

**The Cold War on the Periphery: The United States, India, and Pakistan**

*By Robert J. McMahon. New York: Columbia University Press, 1994. 431 pp., \$30.*

"How and why," Robert McMahon asks, "did the national security interests of the United States become so expansive that they extended far beyond the industrial core nations of Western Europe and East Asia to embrace nations, such as India and Pakistan, on the Third World periphery? Why did areas possessing few of the essential prerequisites of industrial-military power become objects of intense concern of the United States? And what combination of [factors]... led the United States to seek friends and allies in virtually every corner of the planet?"

Relying mainly on recently declassified documents, McMahon, a professor of history at the University of Florida, returns to the long period when fears about the global nature of the communist threat dominated policymakers' minds and warped their perceptions. Painstakingly, he dissects the irrational and ineffective foreign policies toward India and Pakistan that four successive administrations from Truman to Johnson

pursued. Policy is shown to have been "surprisingly ill defined, inconsistent, and even contradictory." The United States-Pakistan alliance, for example—which McMahon terms "a monumental strategic blunder"—sprang, he finds, mainly from American policymakers' illusory strategic calculations about the Soviet threat in the Middle East. Nevertheless, the United States poured nearly \$12 billion in total aid into Pakistan and its neighbor from 1947 to 1965.

The book is not entirely dry. McMahon shares the sometimes amateurish insights that American presidents, ambassadors, and aides and their counterparts on the subcontinent had about each other. Dwight Eisenhower characterized Indian Prime Minister Jawaharlal Nehru as "a strange mixture, intellectually arrogant and of course at the same time suffering from an inferiority complex. . . ." Nehru found Secretary of State John Foster Dulles had "a rather closed head."

This historical investigation could not be more timely, with South Asia urgently requiring international attention as relations between India and Pakistan deteriorate over disputed Kashmir. Both countries have access to nuclear weapons. The stakes are high.

"The power of any nation, however vast, [is] limited," McMahon concludes unequivocally. "Not even a superpower [can] determine developments within foreign lands. . ." Diplomats from Port-au-Prince to Pyongyang, take note.

Rafique Kathwari

**Sea Change: Pacific Asia as the New World Industrial Center**

*By James C. Abegglen. New York: Free Press, 1994. 290 pp., \$24.95.*

For every critic of East Asia's generally desultory political development, there seems to be a crowd of Main Streeters enthusiastically waving the banner of the free market as they shout down the faultfinder for failing to praise the region's economic progress. Abegglen's boosterism is not quite so dramatic, but he is part of the same crowd that has found a future that works. Entranced by the "magic of the marketplace," he would, undoubtedly, not find the irony in his assertion that East Asia "is a region where governments are putting economics first. . ."

W. W. F.

# THE MONTH IN REVIEW

October 1994

## INTERNATIONAL

### Iraq Crisis

Oct. 7—*The New York Times* reports that about 50,000 Iraqi troops have taken up positions near the border with Kuwait; Iraq denies that it intends to invade its neighbor, as it did in 1990.

Oct. 8—The US sends 4,000 soldiers to Kuwait in response to Iraq's massing of troops near the Kuwaiti border.

Oct. 9—The US announces it will send at least 36,000 additional troops to the Persian Gulf; it is believed that the Iraq has stationed between 60,000 and 70,000 troops on its border with Kuwait.

Oct. 13—Iraq is reported to have withdrawn most of its troops from the Kuwaiti border, 3 days after announcing its intention to do so; some brigades remain in southern Iraq.

Oct. 27—Kuwait announces it will allow the US to station a squadron of attack planes and a brigade of tanks in Kuwait.

### Middle East Peace Talks

Oct. 26—At an Israeli-Jordanian border crossing, Israeli Prime Minister Yitzhak Rabin and King Hussein of Jordan sign a formal peace agreement; US President Bill Clinton witnesses the signing. The borders between the 2 countries, in particular the contested border on the East Bank of the Jordan River which will return to Jordan, will be permanently established. Under the agreement, border crossings will be opened, economic and political relations will be established, and water from the Jordan and Yarmouk Rivers will be shared equally.

### Nobel Peace Prize

Oct. 14—In Oslo, the Nobel Peace Prize is awarded to Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres of Israel and Palestine Liberation Organization chairman Yasir Arafat for their efforts to create peace in the Middle East; "[the honorees] have made substantial contributions to a historic process through which peace and cooperation can replace war and hate."

## ALGERIA

Oct. 2—In Tizi-Ouzou, more than 100,000 Berbers protest the kidnapping of a Berber singer by Islamic militants; they also demand government recognition of the Berber language.

Oct. 12—Four car bombs in Algiers kill 5 people; Islamic militants are suspected.

## AUSTRIA

Oct. 10—Results from yesterday's elections show the 2-party, center-left-center-right coalition that has governed for 8 years retaining a majority in parliament; the Social Democratic Party under Chancellor Franz Vranitzky garnered 35% of the vote and the People's Party under Erhard Busek, received 28%; Joerg Haider's rightist Freedom Party, which received 23% of the vote will become the main opposition party.

## BOSNIA AND HERZEGOVINA

Oct. 3—The Bosnian Serb leadership threatens to shoot down any airplanes that attempt to land at Sarajevo's airport unless Serb ownership of the airport is established; the Serbs had ceded control of the airport to the UN in June 1992.

Oct. 7—UN peacekeepers order 500 Bosnian government soldiers to leave the demilitarized zone around Sarajevo and destroy a government bunker; the troops refuse to comply.

Oct. 12—UN officials halt the airlift of relief supplies into Sarajevo after 5 planes are fired on while trying to land at the airport.

Oct. 13—Bosnian Serb General Manojlo Milosevic warns Bosnian government forces to pull out of the Sarajevo demilitarized zone by October 20 or else face Bosnian Serb attacks.

Oct. 18—Bosnian Serbs attack a UN aid convoy in eastern Bosnia, killing the driver; a UN request for a retaliatory NATO air strike is denied.

Oct. 27—Bosnian government troops drive back Bosnian Serb forces near Bihac in northwestern Bosnia; at least 7,000 Bosnian Serb soldiers and civilians have fled the area because of the government offensive.

Oct. 31—Croatian Serb forces join Bosnian Serb militias in an attempt to push back Bosnian government troops that have captured 100 square miles of territory near Bihac.

## BRAZIL

Oct. 6—Preliminary results from the October 3 elections show that the Social Democrat Party candidate, former Foreign Minister Fernando Henrique Cardoso, has won the presidency with 55% of the vote; opposition candidate Luis Inácio Lula da Silva won 26%.

## BURUNDI

Oct. 1—The National Assembly elects Sylvestre Ntibantunganya, a moderate Hutu, president.

Oct. 5—Prime Minister Anatole Kanyeniko names his cabinet. In accordance with a decree issued by the new president, 10 of the 25 ministers are from the predominantly Tutsi opposition; Kanyeniko himself is Tutsi.

## EGYPT

Oct. 14—Nobel prize-winning novelist Naguib Mahfouz is stabbed and wounded in Cairo; no one claims responsibility for the attack.

Oct. 16—In a shootout in Cairo, the government kills 1 Islamic militant and arrests 7 militants suspected of plotting Mahfouz's assassination.

## FINLAND

Oct. 16—In a referendum, 57% of voters approve Finland's proposed entry into the European Union; parliament is scheduled to vote on the matter November 8.

## GERMANY

Oct. 17—Official results from general elections held yesterday show that Chancellor Helmut Kohl's conservative Christian



Democratic Party/Christian Social Union and its Free Democratic Party coalition partner won 41.5% of the vote and 341 seats in the 672-member lower house of parliament; Rudolph Scharping's Social Democratic Party won 252 seats, with 36.4% of the vote. The Green Party/Alliance 90 won 7.3% of the vote and 8 seats; the Party of Democratic Socialism (the renamed East German Communist Party) received 4.4% of ballots cast but captured 30 seats; the right-wing Republican Party attracted only 1.9% of voters.

## HAITI

Oct. 1—The US announces that American troops will assume more policing responsibility and crack down on the paramilitary group Fraph and supporters of the former military government; US troops arrived in Haiti September 19 to provide stability and security for President Jean-Bertrand Aristide's return to power.

Oct. 4—Lieutenant Colonel Michel Francois, commander of the Haitian police in Port-au-Prince, flees to the Dominican Republic; Francois is reportedly an unofficial leader of the military attachés, a paramilitary group that has brutally enforced military rule.

Oct. 7—The Haitian Senate unanimously approves a limited amnesty for the Haitian junta leaders; the amnesty will allow President Aristide to pardon political offenses but not human rights abuses when he returns to Haiti.

*The New York Times* reports that the CIA allegedly paid Emmanuel Constant, the leader of Fraph, to act as an informant until earlier this year.

Oct. 10—Lieutenant General Raoul Cédras resigns as commander in chief of the Haitian military and announces that he will leave Haiti. General Jean-Claude Duperval will take over command of the armed forces.

Oct. 13—Cédras and fellow junta members arrive in Panama, which has granted them asylum. In return for their departure, the US grants some of their family members exile in the US and unfreezes approximately \$79 million maintained by military members in American bank accounts.

Oct. 15—Aristide returns from exile in the US, 3 years after being ousted in a coup. An international trade embargo against Haiti is officially lifted.

Oct. 27—Commerce Minister Louis Dejoie announces that legislative elections originally scheduled for December will be delayed until next year so the government will have adequate time to prepare for them.

## IRAQ

Oct. 19—A bomb explosion at the Ministry of Religious Affairs in Baghdad kills 1 person and wounds 5 others; the Islamic Iraqi Vanguard for National Salvation takes responsibility for the attack.

## ISRAEL

Oct. 9—Gunmen open fire on pedestrians in Jerusalem, killing 1 person and wounding 14 others; 2 of the gunmen are killed by Israeli police; the militant Islamic group Hamas claims responsibility for the attack.

Oct. 14—An Israeli soldier kidnapped by Hamas on October 11 is killed during a rescue attempt; 3 Hamas militants and 1 Israeli soldier die in the attack. Hamas had threatened to kill the kidnapped soldier unless 200 Palestinians held in Israeli jails were released by October 15.

Oct. 19—A bomb planted on a bus in Tel Aviv kills at least 23 people and wounds 40; Hamas says it is responsible for the attack.

Oct. 21—Islamic guerrillas in southern Lebanon fire rockets at Israel; Israeli troops return fire. No injuries are reported.

## KOREA, NORTH

Oct. 21—At talks in Geneva, Pyongyang pledges to halt its nuclear program within 1 month, dismantle its nuclear reactors, and eschew developing nuclear weapons. In return, the US, Japan, and South Korea agree to supply North Korea by 2003 with 2 light-water nuclear reactors to generate electricity, and send \$100-million-worth of oil annually. North Korea agrees to open current nuclear sites to international inspection once a "significant portion" of the new reactors is completed.

## LEBANON

Oct. 29—In Nabatiye, Islamic guerrillas attack an Israeli military base inside Israel's self-declared security zone in southern Lebanon; an Israeli soldier and a Lebanese civilian are killed.

## MACEDONIA

Oct. 23—Results from 1st-round elections held October 15 show that President Kiro Gligorov, the former Communist leader who took Macedonia out of Yugoslavia, has been re-elected, receiving more than 52% of the vote.

Oct. 30—Two opposition parties boycott the election's final round to fill 110 seats in parliament, alleging vote-rigging in the 1st round.

## MEXICO

Oct. 4—The government announces it will charge former federal land development official Abraham Rubio Canales and current state legislator Manuel Muñoz Rocha in the September 28 assassination of Institutional Revolutionary Party leader José Francisco Ruiz Massieu. Rubio and Muñoz both belonged to hard-line factions of the PRI in Tamaulipas state, where Ruiz had been governor.

Oct. 11—Police arrest Muñoz's aide, Fernando Rodríguez González, for allegedly participating in the plot to assassinate Ruiz.

## MOZAMBIQUE

Oct. 29—In its 1st free elections, the country completes 3 days of polling for president and a new, 250-seat parliament; results are expected to be released in 2 weeks.

## PAKISTAN

Oct. 11—At least 3 civilians are killed and a dozen wounded by gunmen in Charsadda, Karachi, and other cities during a general protest strike against the government.

## ROMANIA

Oct. 11—President Ion Iliescu says King Michael's "hope to return as king" is a threat to the constitutional order; the king, who was forced into exile by the Communist government in 1947, was denied an entry visa at the Bucharest airport October 7 when he arrived to attend a seminar.

## RUSSIA

Oct. 4—President Boris Yeltsin signs a decree making regional governors subject to appointment by the president.

Oct. 5—In Madrid, Russia and foreign creditor banks reach a rescheduling agreement on \$26 billion in loans made before 1992; under the pact, Russia will remit \$500 million by the end of the year and then enjoy a 5-year grace period before paying off the balance over 10 years.

Oct. 11—In its steepest 1-day decline, the ruble drops more than 25% against the US dollar to 3,926 rubles to the dol-

- lar. Yeltsin replaces acting Finance Minister Sergei Dubinin with Andrei Vavilov.
- Oct. 14—Yeltsin forces the head of the central bank, Viktor Gerashchenko, to resign.
- Oct. 21—Russia and Moldova sign an agreement on a 3-year phased withdrawal of Russian troops from the secessionist Trans-Dniester region in Moldova.
- Oct. 25—*The New York Times* reports on a pipeline leak near Usinsk in the western Arctic and the subsequent breaking of a spill-containment dam October 1; the US Energy Department estimates some 2 million gallons of oil have spilled onto the permafrost and into rivers, making this the 3d-largest spill ever.
- Oct. 27—The government survives a no confidence vote in the lower house of parliament by 32 votes; the motion was introduced after the ruble's October 11 plunge but turned into a vote on the 1995 budget and the government's rigorous new 3-year economic plan, under which the Central Bank will issue no new credits to finance the federal deficit.

## RWANDA

- Oct. 25—Uniformed soldiers massacred 54 Rwandan refugees and wounded 16 in the northern village of Gitwa yesterday, aid workers report; the wounded said the soldiers were members of the ruling Rwandan Patriotic Front.

## SLOVAKIA

- Oct. 2—Results from the country's 1st national elections, held September 30 and October 1, show that former Prime Minister Vladimir Meciar, head of the Movement for a Democratic Slovakia, won, receiving 35% of the vote; Common Choice won 10% of the vote; the Hungarian Coalition, 10%; the Christian Democratic Movement, 10%; and the Democratic Union, 9%.

## SRI LANKA

- Oct. 24—At a rally in the capital city of Colombo, Gamini Disanayake, the opposition United National Party's presidential candidate in the election scheduled for November, is killed in an explosion set off by a suicide bomber; about 50 other people die, including 3 former cabinet ministers, and more than 200 are wounded. No group takes responsibility, but the rebel Liberation Tigers of Tamil Eelam is suspected.

## UNITED KINGDOM

### Northern Ireland

- Oct. 13—The province's 2 main Protestant guerrilla groups, the Ulster Freedom Fighters and the Ulster Volunteer Force, declare a cease-fire; an Irish Republican Army cease-fire took effect September 1.
- Oct. 28—In Dublin, leaders of Sinn Fein, the political arm of the IRA, begin meetings on Northern Ireland with Roman Catholic and Protestant leaders from the north and Irish Republic officials including Prime Minister Albert Reynolds.

## UNITED STATES

- Oct. 4—In Washington, the US and China sign an agreement under which China will prohibit the export of surface-to-sur-

face missiles banned under the Missile Technology Control Regime; the US in turn will allow sales of advanced satellite technology to China.

- Oct. 9—*The New York Times* reports that the CIA made secret payments to Japan's conservative Liberal Democratic Party and its members from the 1950s to the early 1970s in order to strengthen Japan's resistance to communism, subvert leftist opposition, and gather intelligence.
- Oct. 21—Rosario Ames is given a 5-year jail sentence for aiding her husband, former CIA agent Aldrich Ames, in spying for the former Soviet Union and Russia.

## VATICAN CITY

- Oct. 25—The Vatican announces that it will establish formal relations with the PLO through the Vatican embassy in Tunis.

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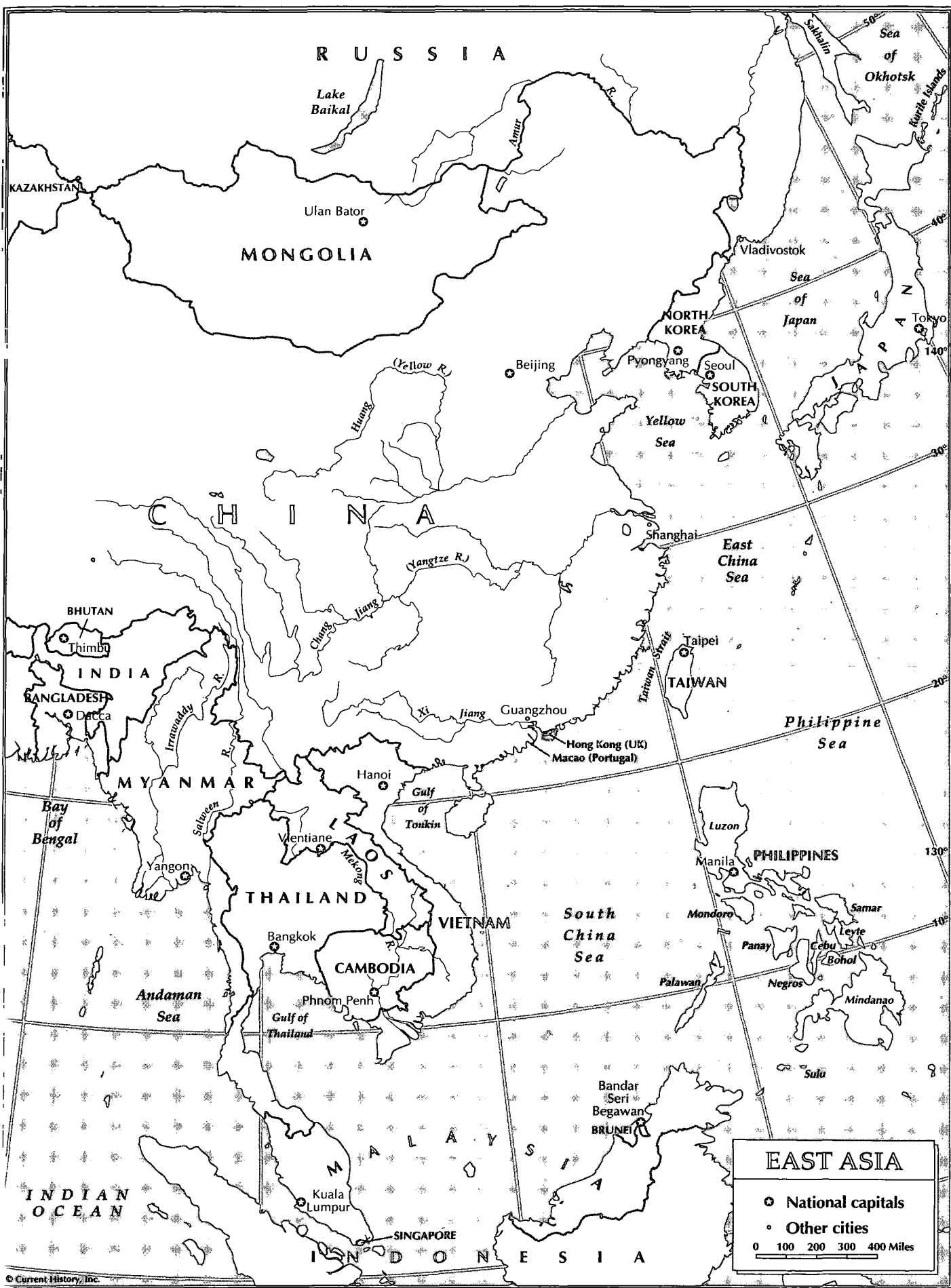
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